

**FBIS****DAILY REPORT  
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UN DELEGATE CALLS FOR CENTRAL AMERICAN PEACE

OW180806 Beijing XINHUA in English 0707 GMT 18 Nov 86

[Text] United Nations, November 17 (XINHUA) -- China today criticized the United States for providing military aid to Nicaraguan rebels.

Chinese Ambassador to the United Nations Yu Mengjia pointed out without mentioning its name that the U.S. Government violated the norms governing international relations because it supplied arms to the anti-government forces in Nicaragua.

At a meeting of the U.N. General Assembly on the situation in Central America, Yu pointed out that the internal cause was "economic difficulties and social contradictions of varying proportions" faced by some Central American countries and that the external cause was "interference and infiltration by outside forces, especially by the big powers."

Yu called on all parties concerned to abide by the principles of the U.N. Charter and respect the independence, sovereignty and territorial integrity of all countries in the region to seek a political settlement.

The problems between the United States and Nicaragua should be settled peacefully through consultations on an equal footing and not through use or threat of force.

Yu spoke highly of the efforts of the Contadora Group and the Lima Group in promoting the peace process in Central America.

He said the effort of the Contadora Group helped promote understanding and cooperation among the countries concerned and has won support from the Central American countries and the international community at large.

The Contadora Group is composed of Mexico, Panama, Colombia and Venezuela while the Lima group is made up by Peru, Argentina, Brazil and Uruguay.

The ambassador pledged China's continued support to the two groups in their efforts. At the same time he called on the countries concerned to immediately halt all acts of subversion and interference.

ENVOY SAYS PRC WILL NOT CHANGE POPULATION POLICY

OW181240 Beijing XINHUA in English 1124 GMT 18 Nov 86

[Text] United Nations, November 17 (XINHUA) -- China will not change its population policy despite U.S. criticism of it, a Chinese delegate told the General Assembly today.

China's population policy has achieved tremendous success and "has been laid down in our Constitution," Chinese delegate Bai Xingji said.



Bai said, "The Chinese delegation cannot but regrettably point out that a particular country, out of its needs in domestic politics, has for years running attacked our population policy, interfered in our domestic affairs and attempted to change the mandate and direction of UNFPA (United Nations Fund for Population Activities)."

Bai told the Second Committee of the General Assembly, which began a general discussion today on operational activities for development, that China appreciated the role the UNFPA played in seeking solutions to the world's population problems.

China will work to "contribute its share to the stabilization of the world's population," Bai said, adding, "population is not a sole problem for China, but a problem of global dimension."

Bai said the education of the population is a decisive factor in the social and economic development of every country.

Only when a majority of the population has a basic education can a nation's work-force adapt successfully to technological change, he said.

Bai said the United Nations Development Program (UNDP) "can surely count on the close and effective cooperation from the Chinese Government."

At the same time, he criticized some countries' protectionist measures controlling the flow of technology and the exchange of information, which deprive "developing countries...opportunities for economic prosperity."

He said that China hopes "this obstacle and others in the multilateral assistance program could be eliminated, and financial resources used for operational activities for development maintain a continuous increase."

China has always attached great importance to the cooperation with the United Nations development system, which, through technical assistance, makes possible the wider utilization of the existing social wealth, Bai said.

"The amount China pledged for operational activities for development at the pledging conference represents an increase of eight percent over that of the previous year in terms of U.S. dollars and 41 percent in Chinese currency renminbi," he pointed out.

While China accepts assistance from the system, it has also tried its best to make contributions to it, Bai said.

#### PRC CRITICIZES 'BIG POWER' SUPPORT FOR S. AFRICA

OW140236 Beijing XINHUA in English 0140 GMT 14 Nov 86

[Text] United Nations, November 13 (XINHUA) -- China stressed today that "the independence of Namibia is a question of major importance for the people of Africa and the rest of the world struggling to eradicate the residue pockets of colonialism."

Speaking at the United Nations General Assembly, now in its second day of a three-day debate on the "question of Namibia", Ambassador Yu Mengjia, China's deputy permanent representative to the United Nations, stressed that in recent years the South African colonialist authorities, while intensifying their ruthless suppression of the struggle of the Namibian people for national independence, have stepped up efforts on the so-called "internal settlement".

"By setting up an interim government of national unity, they attempt to sow discord and jeopardize the unity of Namibian people, so as to perpetuate their illegal occupation of Namibia," he added.

These criminal acts by the South African authorities, Yu noted, "having gravely undermined peace and stability in southern Africa, thus posing a threat to peace and security of the world at large."

He said Resolution 435 adopted by the Security Council in 1978 "provides a realistic and viable basis for a peaceful settlement of the Namibian question" and that "in seeking a reasonable settlement of the Namibian question, the South West Africa People's Organization (SWAPO) has displayed great sincerity and a spirit of accommodation."

However, Yu pointed out, "the South African authorities have all along defied and refused to implement the solemn resolutions and decisions of the United Nations." He added that "even on the Security Council Resolution 435 to which they agreed, they have gone back on their own words and tried by every means to obstruct its implementation."

The Chinese delegate, in a veiled reference to the United States, said that "with the backing of a certain big power the South African authorities have continued to insist on the linkage between the independence of Namibia and the (Cuban) troop withdrawal...thus leading the Namibian question into a stalemate."

It must be pointed out, Yu noted, "the linking of these two questions will only further complicate the problems in southern Africa and make them more difficult to solve as well as prolong and deepen the sufferings of the Namibian people."

He stated that the "linkage" formula, a pretext used by the South African authorities for delaying the implementation of Resolution 435, "is not only strongly opposed by Angola and the other frontline African states and the SWAPO, but also categorically rejected by the United Nations General Assembly and the Security Council."

He recalled the meetings held this year such as the 22nd Summit of the Organization of African Unity (OAU), the Eighth Non-Aligned Summit, the Vienna International Conference on the Immediate Independence of Namibia and the most recent special session of the U.N. General Assembly on Namibia to stress that all these conferences "reaffirmed their resolute support for the struggles of the people of Namibia and South Africa and called for effective sanctions against the South African authorities".

"We hold that the current session of the General Assembly should respond to the call of the people of all countries, adopt resolutions urging the Security Council to apply effective sanctions against South Africa in compliance with the relevant provisions of the United Nations Charter and call on all member states to take sanctionary measures against South Africa individually or collectively," he said.

He told the Assembly that "only by translating our positions expressed during the current debate into concrete actions, can our efforts be more effective and fruitful."

He pledged that the Chinese Government and people will, as always, "continue to make unremitting efforts for the elimination of the system of apartheid of South Africa, the realization of independence of Namibia and maintenance of peace and stability in southern Africa."

PRC ATTENDS PACIFIC ECONOMIC MEETING IN VANCOUVER

OW181103 Beijing XINHUA in English 0902 GMT 18 Nov 86

[Text] Vancouver, November 17 (XINHUA) -- One hundred and fifty representatives from 15 countries in the region of the Pacific began their three-day conference here today to work out joint measures to promote economic cooperation in the Pacific region.

In his working report to the conference, Eric Trigg, chairman of the Standing Committee of the Pacific Economic Cooperation Conference (PECC), reviewed the committee's work in the past year.

He welcomed the delegation of the China National Committee for Pacific Economic Cooperation, the first sent by the Chinese Government, and the delegation sent by the Chinese Taipei Committee for Pacific Economic Cooperation, saying that he is pleased to work together with both of them to promote economic prosperity in the Pacific region.

Nam Tok-u, chairman of the South Korean Committee for Pacific Economic Cooperation, presented a report to the conference on progress of the Pacific economies in 1986.

Giving an overall introduction of the present economic situation in the Pacific region, he said the prospects for the region is optimistic.

In the 1980s, he said, although the economic growth of the region is lower than that in the 1960s and 1970s, it is still higher than the rest of the world.

Participants then discussed the challenge facing the region and the directions of economic cooperation among the Pacific countries.

Huan Xiang, interim chairman of the China National Committee for Pacific Cooperation, also spoke at the conference. He said that China, together with all the Pacific nations, is ready to do its best to promote the economic development and cooperation of the region.

Observers from Mexico, Peru, Chile, France, the Soviet Union and some of the regional organizations attended the conference.

At a banquet last night in honor of all participants in the conference, Canadian Secretary of State for External Affairs Charles Joseph Clark said that as a state policy, Canada believes that the future prosperity of the country is closely related to that of the Pacific region.

He said the Canadian Government places great emphasis on the development of trade ties with the countries in the region.

Two years ago, Canada's trade with the Pacific region exceeded its trade with the Atlantic region.

## Huan Xiang Addresses Meeting

OW181257 Beijing XINHUA in English 1207 GMT 18 Nov 86

[Text] Vancouver, November 17 (XINHUA) -- Huan Xiang, head of the Chinese delegation, spoke today at the fifth Pacific Economic Cooperation Conference (PECC) in Vancouver.

Huan Xiang, also interim chairman of the China National Committee for Pacific Economic Cooperation, said in his speech that this is the first time China sent a delegation to the conference as a full member, to examine economic issues with its colleagues from the Pacific region.

Huan pointed out that during the last four decades, the world economy has experienced fundamental changes.

"Despite post-war vicissitudes and present-day problems," he continued, "it is more than evident that world production growth, trade expansion and technological progress have reached such proportions both in speed and scale that they have completely changed the face of world economy."

He said the Pacific region has emerged as the most dynamic region in the world economically.

Over the past two decades, he pointed out, the Pacific region has sustained many shocks within the international economic system and shown remarkable adaptability. "It leads the world both in GNP growth and in trade growth. In micro-electronics, biological engineering, new materials development as well as in other frontiers of new technology, it has also attained a leading position." It is no wonder that the rise of the Pacific region is being widely talked about, he added.

He noted that the Pacific region's development would have been impossible without efforts of those Pacific countries that won independence after World War II.

Huan said the region has great economic potential. Though the region is composed of developed industrial countries and developing countries, the Pacific countries can transcend their differences and cooperate in many fields at various levels, because of the complementarity and interdependence of the Pacific economies.

He expressed his belief that the prospect for Pacific economic development and cooperation will be bright so long as developing countries formulate and implement sound development strategies, and the major developed countries adopt coordinated macroeconomic policies which accommodate the interests of the developing countries.

"The rise of the Pacific economies will certainly have a major impact on the evolution of the world economy," Huan said.

Briefing the conference on China's economic situation, he said as a developing Pacific country, China has always had close economic ties with other Pacific countries. These relations expand as China adopted a policy of domestic reform and opened to the outside world in 1978.



He noted China will reform its foreign trade system and improve the environment for foreign investment. He believed these efforts will contribute to the development and prosperity of the Pacific region.

"While the Pacific region is important for China's economic development, it is also true that China's economic development will in turn contribute to the development and prosperity of the Pacific region," he said.

He said there is enormous potential for economic cooperation between China and other Pacific countries, adding with this hope, China has joined PECC and the Chinese delegation attended this conference.

Huan delivered his speech in English at the conference.

#### CULTURAL EXCHANGES GREATLY INCREASED SINCE 1978

OW181324 Beijing XINHUA in English 1242 GMT 18 Nov 86

[Text] Beijing, November 18 (XINHUA) -- China has had cultural exchanges with 130 countries and contacts with 2,000 cultural organizations under its open policy since 1978, double the figures for the 1949-1978 period.

"Now Chinese audiences can enjoy the performances by some of the world's leading artists," a cultural ministry official told XINHUA today.

Before 1966, China sent up to 200 troupes abroad annually, but in 1985, troupes going abroad numbered 799, he said.

In the past, most of the troupes sent abroad specialized in Peking opera, acrobatics, folk songs and dance or puppetry," he said. "but now, more local operas have been introduced to other countries."

China has also exhibited rare antiques and folk art, including traditional Chinese paintings, water colors, calligraphy, sculpture and photos in other countries, the official said.

"Half of the exchanges have been initiated by individuals," the official said.

Since 1981, Chinese artists have earned 200 awards in international festivals for our music, dance and acrobatics, and 80 Chinese films have won prizes in 240 international film festivals.

#### ZHAO ZIYANG MEETS BRAZILIAN, THAI ENVOYS

OW141256 Beijing XINHUA in English 1215 GMT 14 Nov 86

[Text] Beijing, November 14 (XINHUA) -- Chinese Premier Zhao Ziyang met here today new Brazilian and Thai Ambassadors to China Paulo da Costa Franco and Dr. Tet Bunnak on separate occasions.

U.S. ADVISER BRIEFS WU XUEQIAN ON ARMS TALKS

OW170910 Beijing XINHUA in English 0900 GMT 17 Nov 86

[Text] Beijing, November 17 (XINHUA) -- Wu Xueqian, Chinese state councillor and foreign minister, met here today with Ambassador Edward Rowny, special advisor to the secretary of state and to the President on arms control of the United States.

Rowny is here to brief China on recent talks between U.S. and Soviet foreign ministers in Vienna and U.S.-Soviet talks on arms control in Geneva.

This morning, Vice-Minister of Foreign Affairs Zhu Qizhen heard Rowny's briefing. U.S. Ambassador to China Winston Lord was present on both occasions.

YANG DEZHI MEETS U.S. ARMY CHIEF OF STAFF

OW181356 Beijing Domestic Service in Mandarin 1200 GMT 18 Nov 86

[Text] Yang Dezhi, chief of the General Staff of the Chinese PLA, met with and feted General John Wickham, chief of staff of the U.S. Army, and his wife at Yangyuan Hall of Diaoyutai this evening.

HSIN WAN PAO CRITICIZES REAGAN FOR IRAN DEAL

HK150844 Hong Kong HSIN WAN PAO in Chinese 15 Nov 86 p 2

["News Talk" column: "Criticism Aroused by Reagan's Secret Arms Shipments"]

[Text] U.S. President Reagan has suffered a setback in the mid-term elections; control of the Senate has been seized by the Democrats, and from next year, he will face both a hostile Senate and House. Unexpectedly, the close secret of U.S. dealings with Iran has been revealed just after the election. This is a new blow to Reagan's reputation.

Reports about U.S.-Iranian dealings had been circulating for 10 days before Reagan spoke on the matter himself. He first acknowledged that "small amounts" of arms had been supplied to Iran over the past 18 months, but described this as support for the "moderates" in Iran. Moreover, this move was only aimed at seeking improved relations between the two countries and was not connected to the American hostages detained in Lebanon.

This explanatory speech drew more dissatisfaction than praise in the United States. Some people even said that Reagan's speech "raised more questions than it answered," and that "America's international image has suffered further damage."

THE NEW YORK TIMES pointed out that according to investigations, the United States has sent at least three shipments of arms to Iran. In order to conceal this, the United States commissioned international smuggling groups to ship the arms from Europe and Israel, and the aircraft crews used false passports and pseudonyms.



This is quite credible, because former White House adviser McFarlane also used a false passport during his recent visit to Teheran with four aides. The evaluation of the acts of the dignified U.S. authorities in cooperating with international smuggling organizations is not hard to imagine.

Reagan announced that the arms shipments were aimed at supporting the "moderates" in Iran, but the international reaction was that the United States is continuing to interfere in Iran's internal affairs by drawing one faction over to its side and striking at another. Iranian President Khamenei said yesterday that there would be no improvement in Iran's relations with the United States until the latter ceased its "aggression and expansion."

The act of providing arms assistance to Iran has also been criticized by Arab states. The United States has announced that it is staying neutral in the Iran-Iraq war, but how can this be, when it is secretly shipping arms to one of the belligerents? Most of the Gulf states support Iraq in its war with Iran. This is another minus for U.S. diplomacy.

The United States has consistently stated that it will absolutely not bow to international terrorism; moreover, using this as a pretext, it has "punished" Libya again and again. International opinion holds that on this matter the White House is again saying one thing and doing another in a bid to exchange arms for hostages and also to make secret representations, via Iran, with those holding the hostages. This has aroused dissatisfaction among the British authorities, who took the lead in counteracting an explosive incident.

In order to lighten the criticisms of his secret deals, Reagan stated that his actions had four purposes: 1) To restore links with Iran; 2) To bring about an honorable end to the Iran-Iraq war; 3) To eliminate state-supported terrorism; 4) To seek the safe return home of all hostages. Weighed carefully, the first three are just empty words, and only the fourth aim is being genuinely pursued.

It was mentioned yesterday that following the release of one American hostage, Iran is awaiting another U.S. move to satisfy Teheran. A U.S. State Department spokesman acknowledged that the United States is prepared to return \$485 million of frozen Iranian assets in America (Iran's frozen assets in America total \$3.6 billion, and the \$485 million is part of that). After this sum returns to Iranian hands it is very likely that another one or two American hostages will be released.

At present there are 17 hostages held in Lebanon, of whom 6 are American, 6 French, 2 British, 1 Italian, 1 Irish, and 1 South Korean. By carrying out secret dealings concealed from other sectors concerned, Reagan has drawn on himself still greater lack of confidence at home and abroad.

#### ROUNDUP NOTES MORE RESISTANCE TO SDI IN U.S.

OW071316 Beijing XINHUA in English 1231 GMT 7 Nov 86

["Roundup: Growing Resistance To SDI in the United States (By Li Shuxun)" -- XINHUA Headline]

[Text] Beijing, November 6 (XINHUA) -- President Ronald Reagan's Strategic Defense Initiative (SDI), popularly known as "Star Wars", is meeting with growing resistance in the United States.

The program has been criticized by Congress and scientists.

In June, 48 of the 100 U.S. Senators signed a letter urging spending growth for SDI research be held to three percent.

Reagan wanted a 70 percent increase next year.

He had sought 5.3 billion dollars in the current fiscal year, but Congress reduced it to 3.5 billion dollars for the year beginning from October 1. Last year's SDI budget was 3.2 billion dollars.

Since January, more and more scientists and engineers have expressed their doubts about or opposition to SDI.

In June, more than 1,600 scientists and engineers from government and industrial laboratories urged that SDI funding be curbed because, they said, a leak-proof shield was a myth and a partial defense would only stoke the arms race. By the end of October, about 7,000 U.S. scientists had signed a pledge refusing to accept government funds for Star Wars research.

The Cornell Institute for Social and Economic Research conducted a survey among the 663 members of the National Academy of Sciences who work in the fields of physics, chemistry, mathematics and engineering; 451 scientists responded to the survey. Only 2.5 percent of those responding said they strongly supported SDI, nearly 11 percent were neutral, 25 percent were opposed and almost 55 percent were strongly opposed.

Opponents contend that SDI is dangerous to American national security and that it won't result in arms reduction.

Howard Ris, executive director of the Union of Concerned Scientists, a leading critic of the SDI program, told the National Press Club on October 22 that the program "opens the floodgates for advance in Soviet anti-satellite weaponry which can only work to the disadvantage of the United States. It offers no protection against cruise missiles and bombers, whose capabilities are sure to resume much greater strategic importance in the decade ahead."

Others think the program costs too much and doubt its technological feasibility.

The explosions this year of the space shuttle Challenger and two unmanned rockets have raised questions about America's ability to test SDI components and then lift the enormous system into orbit. Some scientists from the National Academy of Sciences said that the prospects are either "extremely poor" or "poor" that a survivable and cost-effective SDI system can be built within the next 25 years.

With growing opposition and congressional budget restrictions, it seems that the pace of SDI development will be surely slowed. The major determining factor in SDI development, of course, will be the superpowers' arms race.

#### YAO YILIN MEETS U.S. INVESTMENT DELEGATION

OW191342 Beijing XINHUA in English 1144 GMT 19 Nov 86

[Text] Beijing, November 19 (XINHUA) -- Chinese Vice-Premier Yao Yilin met an investment delegation from the National Council for the United States-China Trade led by its President Roger Sullivan here today. Jia Shi, president of the China Council for the Promotion of International Trade, was present.

GONGREN RIBAO VIEWS SOVIET PRODUCTIVITY

HK130947 Beijing GONGREN RIBAO in Chinese 5 Nov 86 p 2

[Article by Zhang Cunen (1728 1317 1869): "What We Saw and Heard in the Soviet Union"]

[Text] At the invitation of the USSR All-Union Central Council of Trade Unions, the delegation of All-China Federation of Trade Unions paid a friendly visit to the Soviet Union 13-29 July. Relations between the trade unions of both countries had been suspended for more than 20 years before China sent this trade union delegation to the Soviet Union. We felt very happy and greatly honored to have this chance to help restore and promote the friendship between the workers and the trade unions of both countries.

In Moscow, Leningrad, Vilnius, and Tashkent, the delegation visited seven factories, two farms, and met with the leading cadres and activists of the trade unions at various levels. Wherever we went, we were warmly and friendly treated. In the Leningrad Power Plant, the general manager said: "During the 1950's, we received many Chinese experts. This is the first time for your visit. But I hope it is not the last time." On 28 July, Shalayev, chairman of the Presidium of the All-Union Central Council of Trade Unions, met with the delegation and had a sincere and friendly discussion with us.

Heavy industry is rather developed in the Soviet Union, and its machine building, aviation, and iron and steel industries are relatively advanced. The installed capacity of the largest turbogenerator produced by the Leningrad Power Plant is 1.2 million kilowatts, and that of the largest water turbogenerator is 0.64 million kilowatts. In the field of heavy industry, there is much for us to learn from the Soviet working class.

The Soviet people are diligent and wise. They have created relatively higher labor productivity. Therefore, their standard of living is higher than ours. For example, a worker in a shoe-making factory in Moscow can produce some 2,900 pairs of leather shoes a year, almost 10 times the labor productivity of the similar factories in our country. In Vilnius, we visited a collective farm. There, on 950 hectares of land, some 300 laborers are creating a total output value of 2.5 million rubles a year. Each year they sell 450 tons of meat, 5,000 tons of vegetables, and 1,200 tons of milk to the state. This high labor productivity is unimaginable in our country. The wage for each Soviet worker on an average is 200 rubles a month, equalling 1,026 yuan. Based on a different consumption level and commodity prices, the actual standard of living of the Soviet workers is about 100 percent higher than that of the Chinese workers.

The Soviet Union is paying great attention to carrying out education among the young in revolutionary traditions. Every day, thousands upon thousands of young people come to Red Square in Moscow to pay respects to the remains of Lenin, the great revolutionary teacher. In Leningrad, the office where Lenin directed the armed October Revolution uprising has taken on a new look after renovation, and everything he used, such as desks, the telephone and telegraph, has been kept perfectly well. The straw shed at Lake Razliv near the Gulf of Finland, where Lenin once stayed in refuge, and the open-air office opposite to it have also been well preserved. Moreover, a memorial hall has been established by the straw shed.

Soviet trade unions have 137 million members, belonging to 4 million trade union groups and 760,000 grass-roots organizations. There are 31 central committees for industrial trade unions. The supreme leading organ is the All-Union Central Council of Trade Unions. We mainly exchanged with our Soviet counterparts experiences and matters concerning collective contracts, working collectives, production teams, labor competition, and social welfare work.

The enterprises in the Soviet Union have to sign collective contracts every year. The planned production targets set by the state should be discussed by the working collectives, which have the right to make certain readjustments according to the real situation of the factory, before they are finally settled. The collective contracts, which are approved by the working collectives through discussion and are signed by the factory director on behalf of the administration and the trade union chairman on behalf of the workers, include measures for fulfilling the state plans and for improving the workers' living, working, housing, and cultural conditions. They are programs of action for all workers in the year and have a binding force for the factory directors and all workers. They are powerful weapons for fulfilling the state plans and legal guarantees for the workers in carrying out management of state and social affairs.

The Working Collectives' Representative Conference in Soviet enterprises is similar to our Workers' Representative Assembly. Its purpose is to ensure the workers' position as masters of their own houses. The Working Collectives' Representative Conference is held at least three times a year. When there is something particularly important to discuss, it can also be held at an appropriate time. The trade union is responsible for the routine work of the work collectives.

While paying great attention to promoting economic development, the Soviet trade unions are also paying great attention to the development of social affairs and attaching importance to the workers' social welfare projects. In the culture palaces, clubs, summer camps, kindergartens, workers' canteens, sanatoriums, and preventive medical facilities we visited, we found that they were all very well appointed and their services were good, reflecting the loving care of the socialist state for the people.

The method of social insurance in the Soviet Union is: All enterprises should pay to the state 4 to 14 percent of their profits (8.7 percent on an average) in light of their different situations, which are treated as the social insurance fund and are controlled by the All-Union Central Council of Trade Unions. This fund is divided into two parts. One is handed to the insurance company and is used as pensions for retired workers. The other is used for the following purposes:

1. The wages for female workers during maternity leave. A female worker can enjoy 14 months full-pay maternity leave, 2 months before and 12 months after giving birth to her baby, and can enjoy an additional leave of half a year without pay if she wants.
2. Allowances for workers in convalescence. With one convalescence card, a worker is entitled to stay in the sanatorium for 24 days.
3. Subsidies for the youngsters' summer camps.
4. Medical expenses and wages for the sick.

The Soviet trade unions are also attaching great importance to improving the working and living conditions of the workers.



COMMENTARY ON SINO-JAPANESE ECONOMIC RELATIONS

HK180308 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1402 GMT 16 Nov 86

[Commentary: "Having Deep Roots Is a Prerequisite for Having Exuberant Foliage"]

[Text] There has been a big fall in Sino-Japanese trade volume since the beginning of this year. According to statistics compiled recently by the Japanese Ministry of International Trade and Industry, Sino-Japanese trade volume during the January-September period this year fell by U.S.\$2.7 billion as compared with the same period last year. Japanese exports to China fell by 22.4 percent while Chinese exports to Japan fell by 17.2 percent.

During the first three quarters of this year, the Sino-Japanese trade deficit fell to a certain extent, mainly due to changes in the import and export volume between the two countries. But up to now there has been not much success in the mitigation of Sino-Japanese trade contradictions. The current trade predicament has something to do with the past few years' imbalance between bilateral commodity trade and bilateral basic industrial cooperation.

From 1979 to 1985, Sino-Japanese trade volume rose from U.S.\$6.9 billion to U.S.\$16.4 billion. Among them, Japan's export of commodities to China amounted to more than U.S.\$11 billion last year. However, during the same period, Japan's investment in China amounted to only U.S.\$500 million and Japan's cooperative items in China numbered less than 150. Most of these cooperative items are nonproductive service trades. It is not difficult to see that Japan's cooperation with China in technical transfer and investment really does not match Japan's huge export volume of commodities to China. This kind of imbalance has brought about this consequence: The failure to adapt market development to the market's improved economic capacity has inevitably led to sagging trade.

Having deep roots is a prerequisite for having exuberant foliage. Sino-Japanese economic cooperation remains to be developed in depth. During a Sino-Japanese meeting of nongovernmental people held during the first half of this year, some Japanese economists with breadth of vision suggested that Japan's economic cooperation with China must be expanded to the foundation of the Chinese modernization. During a Sino-Japanese economic symposium which just ended in Tokyo, experts suggested that bolstering China's economic strength is the best way to mitigate the predicament of Japanese commodities in the Chinese market.

From a long-term point of view, it is an irresistible general trend that Sino-Japanese economic cooperation will be developed in the area of funding and technology. At present, Japan's total net financial assets in foreign countries amounts to nearly U.S.\$100 billion, thus holding a leading position in the international investment market. However, Japan's current investments in China account for only about 9 percent of the total foreign investments in China. Japanese entrepreneurs are now setting their sights at overseas markets due to the big rise in the value of the Japanese yen while the investment environment in China is being improved gradually. Last month China promulgated 22 regulations to encourage foreign investment. In addition, at the time of the rise of the Japanese yen, the Chinese renminbi was regulated downward by a big margin. As a result, various costs in China such as labor, raw material and transportation expenses are more advantageous to Japanese investors. Now is the right time for Japanese capital and technology to enter China.

Chinese and Japanese business circles have established at different times the Sino-Japanese Association for the Expansion of Trade, the Sino-Japanese Conference on Economic Cooperation, and other organizations to promote economic cooperation between the two countries. During his meeting with Japanese Prime Minister Yasuhiro Nakasone a few days ago, Chinese Premier Zhao Ziyang said, Sino-Japanese cooperation in economy and technology is latent with broader and deeper growth. It is our wish that China and Japan cooperate with each other with absolute sincerity and turn great waves in their economic relations into favorable winds.

#### RENMIN RIBAO ON SINO-JAPANESE ECONOMIC SEMINAR

HK191342 Beijing RENMIN RIBAO in Chinese 17 Nov 86 p 2

[Article by reporter Lin Xi (2651 2530): "Stern Challenge, Great Hope -- First Installment of Sidelights on the Second Sino-Japanese Economic Seminar"]

[Text] The weather in Tokyo began to turn cold in the middle of November, but in the conference hall of the Okura Restaurant, flowers were in full bloom and it was as warm as spring. Here, nearly 200 people from the Chinese and Japanese economic, academic, and journalist circles gathered to look for ways to further promote economic relations and trade between the two countries.

#### Working for Mutual Benefits is a Principle [subhead]

"The Seminar on China's Open Door Policy and Sino-Japanese Economic and Technological Cooperation" jointly sponsored by RENMIN RIBAO and NIHON KEIZAI SHIMBUN held its first conference in Beijing in November 1984. Two years have passed and the economic relation and trade between the two sides has greatly developed during this period. However, a stern fact is that imbalance in Sino-Japanese trade is very conspicuous. In 1985, China's adverse balance of trade with Japan reached \$6 billion. The estimated figure of 1986 is \$4 billion. This is an enormous figure to China, which is a developing country. Delegates from both sides unanimously agreed that this is the essential obstacle to further development of trade between the two countries. Japan's Isao Gomikura of the C. Itoh Company Limited said at the meeting that China's adverse balance of trade with Japan is \$6 billion, which is only second to trade with the United States. He said that he felt "keenly that it is imperative to pay full attention to this." He held that if such an imbalance is repeated year after year, "China will be compelled to control its import and this is quite evident." What he said showed that he was a man of insight.

Delegates on both sides put forward many useful views and suggestions on solving the problem of imbalance in Sino-Japanese trade. Yuan Geng, Chinese delegate and director of the Shekou Industrial Zone Administrative Committee, held that at present the enormous imbalance in trade and investment among various countries of the world is increasingly threatening the development of the world's economy and has caused the revival of various trade barriers and new trade protectionism. He said: "The only positive way out is to establish a new type of mutually beneficial trade and economic relations." Mutual benefits promote prosperity. This view was universally accepted by the participants of the meeting.

Of course, it is true that trade imbalance cannot be resolved overnight. However, this should be regarded as a pressing problem and both sides should make efforts to solve it. Many delegates made brilliant expositions on ways and measures for attaining balance in trade. Japanese friends earnestly suggested that China should make great efforts to properly grasp undertakings that earn foreign exchange. [paragraph continues]



They said that after World War II, Japan's economy was in a very difficult position. At that time, people throughout the country implemented the slogan: "Go all out in work, or go to hell!" The Japanese people chose the first option. They regarded exporting goods to earn foreign exchange as a strategic task. The Japanese delegates hoped that China would do the same. Some influential friends from Japanese economic circles said that they are willing to assist China to build bases for producing export goods and to strengthen factories specializing in producing exports goods so that Japan can import from China more salable goods or use its marketing channels to sell Chinese goods to a third country. Chinese delegates welcomed this positive attitude of cooperation and also pointed out that actions are more important than words. Chinese delegates did not evade the question of trade imbalance either. They said that the chief reason why the adverse balance in trade was so serious in the past two years is that last year, China's economy developed too fast and it imported too much. Of course, the most fundamental cause is that China's economy is rather weak and its level of management is very low. Consequently, China's capacity for export is small. However, we are adopting effective measures to catch up.

#### More "Familiar" With Each Other [subhead]

Since China began to pursue an open door policy in 1979, contacts between China and Japan have become increasingly more frequent and the number of economic cooperation projects has also increased with each passing day. Nevertheless, people have to admit the fact that steps taken by the Japanese side in making investment in China and in technology transfer are not big enough. Nor are they quick enough. What are the reasons for this? Japan's Setsuya Tanofuchi of the Nomura Securities Company gave this answer: "The chief reason is that the Japanese and Chinese sides are 'not yet familiar with each other'" so that much time has been wasted on matters without obtaining good results. Chinese delegates frankly pointed out that the Japanese economic circles are still quite conservative in making investment in China or exporting advanced technology to China. They are even far more expected to go ahead more boldly. The Japanese friends agreed to this argument but penetratingly pointed out that China must make efforts to improve investment conditions and in particular, to increase efficiency in handling matters. Although it has gained some understanding in this respect, China still has to make much efforts in practice. They said that capital is something timid and it always shrink from risks. Therefore, China should consider it a very pressing matter to effectively link together the work of production, management, transportation, and shipping. Otherwise, things will be very difficult. Chinese delegates accepted these well-meaning suggestions and criticism. Indeed, as a result of pursuing a closed-door policy over a long period, China still lacks experience in economic activities involving foreign countries and has not achieved due efficiency in handling matters. Bureaucracy prevails in many departments. We should change this situation as soon as possible. However, the Japanese side has placed too many restrictions on Chinese commodities and this is one of the important reasons that causes trade conflict.

One of the important topics of the seminar is that at present, a large amount of Japan's funds are looking for an outlet because of the appreciation of the Japanese yen. An influential person of Japan's financial circles said that at a time like this, we "should make a new appraisal of China's position." He held that Japan's investment in China will certainly be made in various trades and professions and in high value-added production. Therefore, it is necessary for China to improve as soon as possible the existing structure of its special economic zones and the economic development zones of its 14 open cities along the coast. [paragraph continues]

He suggested that "bases for processing export goods" where joint-venture enterprises using imported high technology and engaging in high value-added production are run should be established in these cities. Some Japanese friends said that at present, too much of Japan's capital has flown into the United States and they pledged to actively lead the flow of capital to China or Southeast Asia. They said that this is a very good opportunity for China and is also a great challenge to China, which will accelerate China's work in improving conditions for investment. While meeting with the RENMIN RIBAO delegation on 12 November, Nakasone explicitly expressed that he will "strengthen economic cooperation between the two sides in accordance with China's desires." He also instructed Japan's Ministry of International Trade and Industry to put forward as soon as possible a letter of intent regarding investment in China.

Compared with the last seminar, the two sides at this seminar were really sincere and frank and they look forward to the future in a realistic manner, bringing great hope to the people concerning prospects of economic cooperation between the two countries. This is gratifying. Through exchanging views and explaining their respective positions in a straightforward manner, the two sides gained a deeper understanding of their common ground and differences. Not long before, the Chinese Government seriously summed up its work in opening to the outside world and formulated and promulgated the 22-article Provisions To Encourage Foreign Investment in China. It was precisely under such a new situation that the Chinese delegates came to Tokyo. They explained in full detail that China will do its utmost to provide an environment for investment which is in keeping with international conditions in terms of foreign exchange balance, taxation, wages, and charges for using land. The Japanese friends expressed appreciation for this. A Japanese entrepreneur said happily: "We are greatly encouraged by China's efforts to promote joint-venture undertakings."

#### What Brings Hope? [subhead]

The seminar held that Asia's economy will develop at a high speed in future, the new era of the Pacific is approaching, and China and Japan are the most important countries of this region. Therefore, close economic cooperation between the two countries is of special and great significance.

Regarding essential factors for economic development, all the delegates held that Japan has what China lacks, for example, funds and technology, and China has what Japan lacks, for example, resources and manpower. Close combination of these two aspects will produce wonderful economic results. This is what brings to the people great hope concerning prospects of Sino-Japanese economic cooperation.

The title of the speech by Shoichiro Kobayashi of the Kansai Electricity Company, a key speaker at the seminar, is: "China's Social Capital and Technology Transfer." Mr Kobayashi visited Beijing as a member of the Kansai financial circles in September this year and learned that the focus of China's Seventh 5-Year Plan is to develop basic facilities of the power industry and communications. Therefore, his speech was centered around the experience and lessons in developing the power industry in Kansai area. The purpose of his speech was to introduce ways to raise funds and import technology for developing the power industry. His speech is a valuable reference for developing China's power industry. This was indeed a sincere and confidential exchange of views. Of course, during the 2-day seminar, some views of the delegates of the two sides were diametrically opposite and there were also criticism and self-criticism. We must admit that this way of frankly exchanging views is far better than polite remarks that cannot solve any problem. [paragraph continues]

This indicates that the relation of cooperation between the two sides is growing to maturity. It appears that such sincerity, frankness, and spirit of dealing with concrete matters relating to work embody the great hope of further strengthening Sino-Japanese economic cooperation and trade.

Close neighbors are better than relatives in distant lands. China and Japan are neighboring countries separated only by a narrow strip of water and they share many cultural traditions. In a certain sense, China's modernization needs Japan and Japan's further prosperity needs China. This is the foundation for an enthusiastic atmosphere and complete success of the seminar.

#### SINO-JAPANESE ECONOMIC SEMINAR REVIEWED

HK191514 Beijing RENMIN RIBAO in Chinese 18 Nov 86 p 2

[Article by reporter Qian Liren (6929 2621 0088): "The Chinese and Japanese Sides Have Almost Identical Views on the Proposal To Establish Bases for Processing Export Goods -- Second Installment of Sidelights on the Second Sino-Japanese Economic Seminar"]

[Text] Since time was limited, Prime Minister Yasuhiro Nakasone, during his 12 November meeting with a delegation from RENMIN RIBAO, decided to replace the meeting with an interview. During the interview, in the capacity of a reporter, I asked the Prime Minister to talk about his impressions of his visit to China and about Sino-Japanese economic relations. Thus we made full use of the brief meeting. In particular, the Prime Minister expressed his views on Sino-Japanese economic relations.

The next day, NIHON KEIZAI SHIMBUN, which cosponsored the seminar with RENMIN RIBAO, filed a report on the interview, featuring Japanese support for China's establishment of bases for processing export goods. This is really one of the most active points in the talk given by Prime Minister Nakasone.

Let us now look back to some speeches delivered at the seminar:

In his speech, Setsuya Tanofuji, president of Japan's Nomura Securities Company, also proposed that the Chinese side study ways to establish some export processing bases in China's open coastal cities that are aimed at importing "high technology and joint ventures with high additional value." He listed the several Southeast Asian export processing bases' common characteristics: 1) Establish a highly efficient service center to handle negotiations, administrative matters, and other formalities; 2) offer preferential treatment for the use of foreign capital for establishing factories that process export goods; 3) make things convenient by reducing the land cost and recruiting quality labor force; 4) promote the development of spare parts industry and raw and semifinished materials industries close to the processing districts.

In his speech, Yuan Geng, chairman of the Administrative Committee of China's Shekou Industrial District, offered a proposal saying: With the support of the Chinese and Japanese Governments, the Chinese and Japanese financial circles and enterprises should make use of their respective superior forces and jointly process and produce in China those commodities that can be exported to Japan and that are "competitive and commonly used commodities" on the Japanese market.

Similar proposals were put forward by other speakers at the seminar. This was not accidental.

On the basis of contacts I made in the capacity of a reporter during and after the seminar, I am deeply aware of the fact that Japan's readjustment of its economic structure, an issue put forward in the first half of this year, is becoming increasingly pressing.



Japan's favorable balance of foreign trade was still on the rise in October this year.

In June 1986, \$1 could be exchanged for about 250 Japanese yen. Now \$1 can only be exchanged for about 160 Japanese yen, thus lowering the competitiveness of Japanese commodities on the international market. However, due to the "j-curve effect," Japan's favorable balance of foreign trade has not slowed down yet. In October this year, Japan had a trade surplus of \$5 billion over the United States, an increase of \$130 million as compared with September. From January to September this year, Japan had a trade surplus of U.S. \$13.3 billion over the European Economic Community, thus surpassing the whole 1985 trade surplus of \$11.1 billion over the EEC by \$2.2 billion. From January to October this year, Japan had a trade surplus of \$4.5 billion over South Korea, thus nearly doubling the trade surplus of \$2.3 billion over South Korea registered during the same period last year.

All quarters have been strongly calling on Japan to open up its market and eliminate the trade imbalances.

On the other hand, according to an analysis made by Japan's Bank of Long-Term Credit [changqi xinyong yinhang 7022 2601 0207 3938 6892 5887], due to the rise in Japanese yen and other factors, the profits of many Japanese manufacturing industries have fallen. Take Toyota Motor Vehicle Company as an example: During the fiscal year ending on 30 June this year, the company's net income dropped 24.6 percent as compared with last fiscal year. Japan's "sunset industries" such as steel, shipbuilding, coal and cement industries are all falling into dire straits. A number of Japan's medium-sized and small enterprises have been hit very hard.

By contrast, the profits of Japanese financial companies have registered a distinct rise. According to a report, during the fiscal year ending in March this year, the profits of Japan's four largest insurance companies registered a rise, ranging from 40 percent to 89 percent, as compared with the last fiscal year. The profits of the Japanese companies engaged in the stock exchange business also registered a sharp rise.

This situation can hardly be sustained.

Early in this week in Brussels, Saito Eishiro [7872 5671 5391 0935 6745], president of the Japanese Economic Federation [jing tuan lian 4842 0957 5114], told Jacques Delors, president of the Economic Commission for Europe, that the Japanese Government and Japanese entrepreneurs have all been making great efforts to readjust the economic structure which is excessively dependent on exports.

In his speech at the seminar, Japan's Foreign Minister Tadashi Kuranari said, Sino-Japanese economic relations are now at a stage that necessitates taking a new step.

Judging from the seminar, we can see that the Japanese entrepreneurs, who are looking for outlets for Japan's huge "surplus funds," have really placed hopes on strengthening economic cooperation with China. At the same time, although the Japanese entrepreneurs have appraised China's policy on improving investment environment, they still have some worries. They hope to find ways that can fairly easily and quickly improve China's investment environment. It is worth pointing out that it was against this kind of background that the proposal for jointly establishing export processing bases in China's coastal areas was put forward during and after the seminar.

Whether this proposal can be realized and how to realize it are questions to be further explored and discussed by the economic circles and the relevant authorities of the two countries.

NANJING PLA'S FU KUIQING MEETS DPRK DELEGATION

OW141112 Nanjing XINHUA RIBAO in Chinese 4 Nov 86 p 1

[Text] Fu Kuiqing, political commissar of the Nanjing Military Region, had a cordial meeting with a friendship delegation from the Korean People's Army, which was led by General Cho Sun-paek, at Huadong Hotel on the evening of 3 November.

Extending a warm welcome to the Korean delegation on behalf of all commanders and fighters of the Nanjing Military Region, Fu Kuiqing said: We have special feelings for the Korean comrades-in-arms because both President Kim Il-song and Secretary Kim Chong-il have visited Nanjing, which has also received other Korean comrades-in-arms. The current visit by the Korean friendship delegation led by General Cho Sun-paek has not only brought to us the friendship of the Korean people and Army but also helped promote the friendly cooperation between the armed forces of the two countries. In return, Gen Cho Sun-paek said: This is the first time for me and my colleagues to visit Nanjing. We are deeply impressed with the city's long and honorable history and revolutionary tradition, and we are very happy to see your achievements in socialist construction during our stay in Nanjing.

Present at the meeting were also Liu Lunxian, chief of staff of the Nanjing Military Region, and leaders of the leading body of the Nanjing Military Region and other relevant departments Wang Yongming, Wei Yu, and Qiao Guangyu.

After the meeting, Fu Kuiqing gave a dinner for the Korean comrades.

The Korean delegation arrived in Nanjing from Xiamen by plane yesterday afternoon.

PRC-AIDED PAPER MILL COMPLETED IN DPRK

OW140631 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 11 Nov 86

[Text] Korea's Haeju Paper Mill, built with the assistance of the Minfeng Paper Mill in Jiaxing, Zhejiang, was completed and put into operation last month. Korean party and state leaders decorated and commended those who assisted in the paper mill's construction.

Haeju Paper Mill is of medium size, with a yearly production capacity of 11,000 metric tons of paper. After taking up the task, Minfeng Paper Mill altogether dispatched 49 engineers and technicians in 9 groups to Korea to work closely with their Korean comrades. Last June the paper mill began test production after 5 years of construction. A joint examination by both sides showed the engineering quality was good, and minutes on its operation were formally signed in September.

On 1 October, a vice president of the Democratic People's Republic of Korea made a special trip to the construction site to personally confer decorations and medals on the Chinese engineers and technicians. President Kim Il-song gave souvenirs in his own name to the technical groups' experts in praise of their diligent work.

VICE FOREIGN MINISTER ARRIVES IN PORTUGAL

OW180838 Beijing XINHUA in English 0727 GMT 18 Nov 86

[Text] Lisbon, November 17 (XINHUA) -- Visiting Chinese Vice Foreign Minister Zhou Nan told reporters here today that his three-day visit to Portugal is aimed at promoting mutual understanding and friendship between the two countries.

The vice minister said he is very pleased to have the opportunity to visit the country at the invitation of the Portuguese Government.

He said during his stay he will talk with Portuguese Foreign Minister Pedro Pires de Miranda and exchange views with other Portuguese leaders on international affairs and bilateral problems, including the territory of Macao.

Zhou arrived this afternoon.

Silva Receives Zhou Nan

OW190330 Beijing XINHUA in English 1253 GMT 19 Nov 86

[Text] Lisbon, November 18 (XINHUA) -- Portuguese Prime Minister Anibal Cavaco Silva received visiting Chinese Vice Foreign Minister Zhou Nan at his official residence this afternoon and the two had a friendly discussion.

Afterwards, Silva hosted a luncheon in honor of Zhou Nan.

Zhou arrived yesterday for a three-day official visit at the invitation of the Portuguese Government.

Zhou Nan Feted

OW191140 Beijing XINHUA in English 0906 GMT 19 Nov 86

[Text] Lisbon, November 18 (XINHUA) -- Portuguese Foreign Minister Pedro Pires Miranda said here today that his country and China are steering their talks on the Macao issue toward more friendly cooperation between the two nations.

He said at a dinner honoring visiting Chinese Deputy Foreign Minister Zhou Nan that the talks are "beneficial to bilateral exchanges in all fields."

Zhou, who had held talks with Portuguese President Mario Soares, Prime Minister Anibal Cavaco Silva and the foreign minister, said at the dinner that he had exchanged views with them on the issue of Macao.

He said that he was sure "both countries aim at an early and satisfactory solution to the historical problem and that both countries are ready to lay the foundation for a full-scale development of the Sino-Portuguese cooperation."

Macao, on the western side of the Zhujiang Estuary, was leased to Portuguese colonists in 1553 and came under Portuguese rule in 1887. Talks have been held on its return to China.

The Chinese diplomat arrived here Monday for a three-day official visit.



## Portuguese Talks End

AU192123 Paris AFP in English 2116 GMT 19 Nov 86

[Text] Lisbon, Nov 19 (AFP) -- Chinese Deputy Foreign Minister Zhou Nan ended a three-day visit to Portugal Wednesday with no apparent development in talks over the return of the Portuguese territory of Macao, near Hong Kong, to China.

Both sides kept strict silence about the talks and denied they constituted a fourth round of the official negotiations begun in June, although they said discussions were "on the right path".

Observers said the visit was a goodwill gesture by the Chinese to compensate for the fact that full-fledged negotiations have taken place exclusively in Beijing, which was not the case when China negotiated the return of Hong Kong with Britain.

In that case, negotiations took place in Hong Kong and China.

One of the major sticking points was the question of nationality, observers said, adding that Lisbon was worried about immigration problems which could be caused by the 100,000 Macao residents who had a right to a Portuguese passport.

Neither side was willing to say when the territory would be returned. Observers said Lisbon wanted to keep Macao beyond 1997, the date set for the transfer of Hong Kong.

Portuguese Foreign Minister Pedro Pires de Miranda said a working group set up after the third round of negotiations in October would resolve outstanding issues in November, December and January.

Observers said the existence of the working group did not preclude a fourth session of negotiations in Beijing next year.

Mr. Zhou met President Mario Soares and Prime Minister Anibal Cavaco Silva during his visit, and said both countries wanted to resolve the issue "as quickly as possible".

He is to attend a dinner hosted by Mr. Pires de Miranda Wednesday and will stay in the north of Portugal until Saturday on a private visit.

## Further Reportage

For reportage of the visit to Portugal by a delegation led by Deputy Foreign Minister Zhou Nan, including Zhou Nan's meetings with President Mario Soares, Prime Minister Anibal Cavaco Silva and Foreign Minister Pedro Pires de Miranda, see the Portugal section of the 18 November Western Europe DAILY REPORT and subsequent issues.

CHEN MUHUA MEETS BRITISH REPORTERS 14 NOV

OW141252 Beijing XINHUA in English 1222 GMT 14 Nov 86

[Text] Beijing, November 14 (XINHUA) -- Chen Muhua, Chinese state councillor and governor of the People's Bank of China, met a group of reporters from Britain's "FINANCIAL TIMES" here today.

She answered their questions on China's political structural reform.

RENMIN RIBAO URGES LEADERS TO CHAMPION REFORM

HK190937 Beijing RENMIN RIBAO in Chinese 14 Nov 86 p 5

[Article by Chen Tiansheng (7115 1131 3932): "Leaders Should Take the Lead in Reforms"]

[Text] Along with the deepening of reform of the economic structure, and the gradual development of the overall reform, the newspapers and radio and TV stations have tended to frequently report the deeds of some leading cadres who have been supporting and defending reforms. These reports are exciting ones. However, when I think it over, I feel that it is not enough, and even wrong, for a leading cadre or organ to merely support and defend reforms.

History has already proved that if we do not carry out reform of the economic and political structures and reforms in the social, cultural, ideological and other fields, there will be no hope for the realization of the four modernizations and China will have no way out. In order to build China into a strong and prosperous country, the party Central Committee once pointed out that reform is the primary task during the Seventh 5-Year Plan, and also constitutes China's second revolution. Therefore, reforms should be the primary responsibility of the party committees and governments at various levels and also of all the cadres. Leading cadres at various levels should be the first to carry out reform, become the vanguard in reform, set a good example in reform, and take the lead in carrying out reform. If we need to "grope for stones to cross the river" in practicing reform, leading cadres at various levels should go down into the "river" first and lead the masses to "grope for stones," rather than just standing ashore "supporting" others who go down into the river to grope the stones. Otherwise it would give people an impression that reform only concerns a minority of "reformers" and the leaders would be very glorious if they only "support" reforms. If the reformers fail to grope the stones, or have groped the wrong stones or fallen into the river, some leaders might come out to "save" them, while others might "watch them die rather than save them," or even, consciously or unconsciously, press them into the river and let them drown.

To carry out reforms is a historical task entrusted by our times to every leading cadre and an important task given by the party to every leading cadre. Only when leading cadres at various levels really throw themselves into practicing reform and conscientiously carry out reform, which they regard as their unshirkable duty, will it be virtually impossible for things which attack and suppress reform to happen, and there will be no need for such acts as "defending" and "supporting" reforms. There are many among the one billion Chinese people who are capable of carrying out reforms. Those who are presently regarded as "reformers" have only taken one step further than the others. Once the majority of people take big steps forward, the present "reformers" will be merged with others. At that point the entire Chinese nation will be able to develop itself. But how can we enable the majority of people to take big steps forward? Under the present circumstances in China, the leaders' behavior has a great influence on society. When leaders of a certain area take the lead in carrying out reform, the reform in that area can be carried out more deeply and more extensively. Otherwise the result would be just the opposite. This has been proved in many parts of the country.

When leading cadres take the lead in carrying out reforms, they must take practical steps. If leading cadres only write it in documents, talk about it, or just wave the banner of reform without doing anything practical, there will be no effect on reform and, to the contrary, there will be indignation among the masses. [paragraph continues]

Over the past few years, the party Central Committee has produced a series of decisions and correct strategic policies regarding reform. Leading cadres at various levels should make their own reform plans according to the spirit of the party Central Committee and in the light of the actual situation in their own areas and units, and take the lead in practicing reform, exploring correct methods of reforms and summing up the lessons and experiences. They should not merely act as the "messenger" or "announcer" relaying instructions from the higher authorities or even give up or forget their historical task and responsibility of taking the lead in practicing reform.

In order to take the lead in carrying out reform, leading cadres must attain a lofty realm of thought and a broad vision. Since the reform is regarded as the second revolution in China, it will inevitably touch upon the undeserved interests, and pound at the "special privilege" mentality, of some leading cadres. However, the reform is aimed at promoting the interests of the people to a higher level, including the fundamental interests of the leading cadres. A leading cadre must see the natural link between the reform and the fundamental interests of the broad masses of the people, and must not give too much thought to his own immediate personal gains or losses. A real communist should think and act in this way, because the fundamental aim of a communist is to work for the interests of the majority of the people.

In order to take the lead in carrying out reform, leading cadres should also reform their own ideological concepts and leading methods. Reform will naturally negate some old concepts and things, establish new concepts, and develop new undertakings. During such processes, many leading cadres will experience a transformation of their concepts, feelings, methods of thinking and leading methods. Without such an ideological preparation, they will lose psychological balance, be at a loss as to what to do or even, consciously or unconsciously, do things harmful to the reform once they are pounded by the waves of reforms.

The reform is both majestic and difficult. In such a majestic and difficult practice, the leading cadres at various levels will have more opportunities to go through the test and training, and improve their ideological and political quality, so that more comrades will become reliable and capable leaders in the cause of socialist construction.

#### SHAANXI LEADER DISCUSSES INNER-PARTY CONTRADICTIONS

HK181144 Beijing LILUN YUEKAN in Chinese No 10, 25 Oct 86 pp 24-28

[Article by Dong Jichang, deputy secretary of the Shaanxi Provincial CPC Committee: "Learning the Skills of Correctly Handling the Contradictions Within the Party -- A Study of Hu Yaobang's Speech on Party Style and Inner-Party Contradictions"]

[Text] In his important speech on party style and inner-party contradictions, Comrade Yaobang scientifically summarized the experience of our party in handling inner-party contradictions, analyzed the two kinds of inner-party contradictions in the new period by integrating theory with practice, put forward the principles and methods for correctly handling inner-party contradictions, and solved an important question concerning party building. To seriously study, profoundly understand, and resolutely implement the spirit of his speech is of great immediate significance and far-reaching historical significance to consolidating the political situation characterized by stability and unity, to promoting the reform of the economic structure, and to enhancing party building.



## I.

To profoundly understand the spirit of Comrade Yaobang's speech, it is necessary to review history and summarize reality.

Viewed from the history of the international communist movement, Comrade Yaobang's speech is a new development in the theory of Marxism-Leninism-Mao Zedong Thought on party building. A review of the international communist movement over the past century or so indicates that the theory of party building has undergone a process of constant enrichment and development. The era of Marx and Engels was one in which the proletarian parties were established in various countries. The question facing party building at that time was what kind of party should be established and what was the ultimate goal and program of the party? Focused on the crucial question of whether it is necessary to carry out proletarian revolution and proletarian dictatorship, Marx and Engels, through the criticism of the "Gotha program," expounded on the basic program and principles of a proletarian party. The era of Lenin was one which consolidated the proletarian parties. At that time, Menshevik gave enormous publicity to anarchism which sabotaged the party's nature and discipline. To shatter Menshevik's attack, Lenin wrote his famous work "One Step Forward, Two Steps Back," which further consolidated and developed the party. Following World War II, the Communist Party in China and in a number of socialist countries became the party in power. The question then confronting party building was how to maintain the advanced nature of the party and lead the people in carrying out socialist construction. In his brilliant works "On Contradiction" and "On the Correct Handling of Contradictions Among the People," Comrade Mao Zedong mentioned the antagonistic and non-antagonistic inner-party contradictions and the correct way to handle inner-party contradictions. However, he did not say anything about the inner-party contradictions in the new period. Following the 3d Plenary Session of the 11th CPC Central Committee, our party negated the so-called "theory of continuing revolution under the dictatorship of the proletariat" and forsook the "leftist" guiding ideology of taking class struggle as the key link. However, we failed to make a breakthrough in analyzing the various kinds of contradictions as expounded in "On the Correct Handling of Contradictions Among the People" and did not make a systematic study and summarization of inner-party contradictions. Focused on this important questions, Comrade Yaobang comprehensively and systematically expounded the inner-party contradictions of the new period. His speech is a new development of the theory of Marxism and Leninism on party building.

Viewed from the practice of our party over the past few decades, Comrade Yaobang's speech is the scientific summarization of the experience of party building. Regarding this question, we have learned a stern lesson from the 10 years of internal turmoil and have also drawn new experience from the period after the 3d Plenary Session of the 11th CPC Central Committee. It will serve as an adherence to and development of the theory of Marxism and Mao Zedong Thought on party building. The lesson of the 10 years of internal turmoil was profound and also covered much ground. Viewed from party building, the lesson can be summarized in the following two aspects: First, the scope of class struggle was extended to the party. The difference of opinions within the party on understanding was raised to the high plane of struggles between two lines. The contradictions between ourselves and the enemy was magnified and many comrades were regarded as enemies, which resulted in mixing up the two different typwes of contradictions. Many issues were totally confused and it was even said that capitalism existed within the party. Second, democratic centralism was weakened or replaced by arbitrariness. [paragraph continues]

If democratic centralism based on the minority submitting to the majority could have been maintained at that time, the mistakes made would not have reached such grave proportions. If the principle of democracy had been implemented in the party's political life, it would have been impossible for the minority to impose their views on the majority and the mistakes could have been corrected immediately when they were discovered. Following the 3d Plenary Session of the 11th CPC Central Committee, our party, through setting things to rights, forsook taking class struggle as the key link, wholeheartedly led the people in carrying out reform and the four modernizations, and regarded the building of "a high degree of democracy" as a target for building a powerful socialist country and an indispensable condition for realizing the modernization program. As a result, inner-party democracy developed and political life gradually embarked on the normal path, which accumulated experience for party building in the new period. Comrade Yaobang's speech on inner-party contradictions is precisely the scientific summarization of the party's positive and negative experience over the past few decades.

## II.

We must correctly understand and distinguish the two different types of inner-party contradictions, properly handle the relations between correcting party style and all-round reform, and promote the healthy and deep-going development of reform.

In the course of reform, a question requiring prompt solution is how to correctly handle the relations between all-round reform and correcting party style and how to improve party style to ensure reform. We have failed to properly solve the question. While emphasizing reform, invigoration of the domestic economy, and opening up, we have often relaxed party discipline and neglected the measures taken to correct party style. While the stress was put on correcting party style, we could not draw a clear line of demarcation in applying the policies and regarded the minor mistakes made in reform as unhealthy tendencies, which resulted in dampening the enthusiasm of some comrades for reform. In my opinion, Comrade Yaobang has drawn a clear line of demarcation on the question in his speech. Based on the scientific analyses of the large numbers of complicated contradictions arising from reform, Comrade Yaobang, from the content and form of expression of contradictions, divided the inner-party contradictions in the new period into contradictions between different views on understanding and work and contradictions between personal interests and the interests of the party and the people. This way of differentiating contradictions is a scientific summarization of inner-party contradictions during the period of socialist construction. As the mission of our party is to lead the people in carrying out reform and the four modernizations, it is necessary to correctly handle the contradictions between different views on understanding and work, develop inner-party democracy, and pool the wisdom of the whole party and nation. Without democracy, the success of reform and the realization of the four modernizations would be impossible. Meanwhile, as our party is a party in power which exercises all-round leadership, it is quite possible that some comrades who lack party spirit will abuse their power to seek personal gain and encroach upon the interests of the party and the people. In this respect, Comrade Yaobang's summarization and classification of inner-party contradictions have embodied the characteristics of the party in power during the period of socialist construction. This way of differentiating contradictions is a scientific summarization of inner-party contradictions in the course of all-round reform. Comrade Xiaoping has repeatedly stressed the necessity of making explorations because we have no set examples or precedence to follow. [paragraph continues]

Since this is new exploratory work, it is bound to give rise to different views, opinions, and understanding. Reform would be impossible if we do not allow people to hold different views. For this reason, Comrade Yaobang differentiated the contradiction between different views on understanding and work. This is absolutely necessary for correctly understanding inner-party contradictions in the new period and for promoting all-round reform. Moreover, the all-round reform will bring about an extensive, profound change. As the purpose of reform is to smash the old system and establish a new one. This will be a protracted process that advances gradually. It must undergo a stage of replacement of the old system by a new one. This state of affairs increases the difficulty of macrocontrol, makes it impossible for the microcontrol mechanism to be perfect and rational within a short period, gives rise to loopholes in management, and hinders the rational setup for new benefits from taking shape. Consequently, some people will avail themselves of loopholes in reform and engage in unhealthy tendencies and criminal activities. Viewed from this point, the unhealthy tendencies arising from reform, owing to its specific historical environment, will be expressed mainly in abusing power to seek personal gain and in violation of law and discipline. Contradictions between personal interests and the interests of the party and the people exist in general within the party. Viewed from these two aspects, Comrade Yaobang's analyses and summarization of inner-party contradictions are the scientific summarization of inner-party contradictions under the situation of reform, invigoration of the domestic economy, and opening up.

In light of Comrade Yaobang's scientific analyses of inner-party contradictions in the new period, we should pay simultaneous attention to all-round reform and correcting party style and promote reform by developing democracy and correcting party style. We should seriously correct party style to ensure the smooth progress of reform, extensively develop democracy, support and protect the spirit and achievements of reform with a clear-cut stand, and create a united, harmonious, democratic, and spacious environment for reform.

### III.

We must draw a clear line of demarcation between antagonistic and non-antagonistic contradictions, correctly handle inner-party contradictions, and consolidate and strengthen unity of the party.

In his speech, Comrade Yaobang pointed out that "it is a very important line of demarcation" to differentiate the antagonistic contradictions from the nonantagonistic ones. To handle matters strictly according to this line of demarcation is an important basis for correctly handling inner-party contradictions.

To draw a clear line of demarcation between antagonistic and non-antagonistic contradictions, it is necessary to have a general estimate of inner-party contradictions. In my opinion, we should have an accurate estimate of the question. The catastrophe of the "Great Cultural Revolution" took place precisely because of the erroneous estimate of inner-party contradictions. While studying Comrade Yaobang's speech, the most important point is to have a correct, accurate estimate of inner-party contradictions in the new period. In his analyses of the two types of inner-party contradictions, Comrade Yaobang pointed out that most of the two types of inner-party contradictions were generally nonantagonistic. He said: "The contradictions between different views on work and understanding in the party are in general nonantagonistic." [paragraph continues]



Regarding the contradiction between personal interests and the interests of the party and the people, he said: "In general, most of these contradictions are nonantagonistic." Proceeding from this point, we will be able to avoid the mistake of "magnifying contradictions."

To draw a clear line of demarcation between antagonistic and nonantagonistic contradictions, it is necessary to make a careful study of the tendencies involved in this question. In my opinion, Comrade Yaobang has clearly explained the question. The tendency of the first type of contradiction is a lack of democracy, while that of the second type is lack of an adequate understanding of and a clear-cut stand towards this type of contradiction and a lack of courage to solve antagonistic or even sharply antagonistic contradictions resolutely. This is just what Comrade Xiaoping has pointed to as "flabbiness." Only by having a firm grasp on the question related to the main tendency can we focus our attention on correcting party style and solve the question in this respect.

To draw a clear line of demarcation between antagonistic and nonantagonistic contradictions, it is necessary to make qualitative and quantitative analyses. Comrade Yaobang divided the first type of contradiction into antagonistic and nonantagonistic contradictions from the point of ideological understanding. On the basis of having the same goal and direction, it is beyond doubt that the contradiction between different views on work and understanding is nonantagonistic, because the purpose of their creative and exploratory work is to do a good job in reform and construction, which is the manifestation of their creativity and dedication. However, the nature of the contradiction changes if the policies of the central authorities are resisted and the party's organizational discipline is violated. The antagonistic and nonantagonistic contradictions of the second type are divided on the basis of behavior. Comrade Yaobang said that the contradiction between the party and those who have seriously violated the law and disciplinary code by abusing their power to seek personal gain and have gravely damaged the interests of the party and people is an antagonistic contradiction. Such behavior runs counter to the fundamental objectives and interests of the party.

To draw a clear line of demarcation between antagonistic and nonantagonistic contradictions, it is necessary to make an analysis of antagonistic contradictions. In light of the train of thought of Comrade Yaobang's speech, antagonistic contradictions are divided into: contradictions with an antagonistic nature -- antagonistic contradictions -- sharply antagonistic contradictions -- contradictions between the enemy and ourselves. Antagonistic contradictions and contradictions between the enemy and ourselves are two different concepts that are interrelated. Antagonistic contradictions will not definitely be contradictions between the enemy and ourselves. The contradiction between the enemy and ourselves is only part of antagonistic contradictions. The contradiction antagonistic to the party's objective and discipline that takes place within the party does not belong to the contradiction between the enemy and ourselves. As to a handful of party members who have degenerated into hostile elements, this is beyond the scope of inner-party contradictions.

The purpose of drawing a clear line of demarcation between antagonistic and nonantagonistic contradictions is to correctly handle inner-party contradictions. We should neither intensify nonantagonistic contradictions to antagonistic ones nor be so weak and incompetent as to regard the antagonistic contradictions as nonantagonistic ones. On the basis of analyzing the different types of contradictions, Comrade Yaobang put forward specific measures for solving them. [paragraph continues]

The 4-point method to solve the contradiction between different views on work and understanding is a summarization of the fresh experience of the 3d Plenary Session of the 11th CPC Central Committee in handling inner-party contradictions and the supplement and development to Marxist theory on party building. In the first part of his speech, Comrade Yaobang clearly explained the handling of contradictions between personal interests and the interests of the party and the people; that is, investigate and deal with the major and important cases, curb the unhealthy tendencies of a trade, and encourage leading cadres to play an exemplary role. On this basis, Comrade Yaobang continued, the solution is: The central organs should take the lead in perfecting democratic centralism and the political life of party organizations at all levels. In accordance with Comrade Yaobang's instruction, we should take note of the following: 1) Pay close attention to regular education in party spirit and enhance the sense and dedication of party members in wholeheartedly serving the people. In my opinion, this is the basic method for solving large numbers of nonantagonistic contradictions. 2) Adhere to the party's political principles, perfect the party's political life, eliminate vulgar interests and the practices of establishing relationships, carry out criticism and self-criticism, solve problems in the embryonic stage, and prevent nonantagonistic contradictions from changing into antagonistic ones. 3) Uphold the principle of democratic centralism, fully develop democracy within the party, encourage the free airing of views, and seek unity of understanding on the party's line, principles, and policies through democratic discussions. As reform is a period which encourages the free airing of views, our leading cadres should learn how to give correct guidance and select the good points from the various opinions. Nevertheless, democracy is not tantamount to each doing things in his own way and all being bogged down in endless debate, which may result in exhausting energy. Moreover, we cannot regard the irresponsible grievances, groundless hearsay, and charges that stir things up as contradictions among different views. 4) We must adopt the dialectical attitude of recognizing and solving contradictions. To be afraid of and evade contradictions is an unhealthy tendency now prevailing within our party. This is because the practice of some comrades does not tally with the Marxist world outlook. Some others detest or are afraid of repeating the extreme inner-party struggles of the past. Some evade contradictions either consciously or unconsciously because they are influenced by the vulgar practice of "establishing relationships" and believe that "the less trouble the better." For this reason, they intentionally conceal the contradictions and forsake principles to seek compromise. This is not a scientific attitude to deal with contradictions. Comrade Xiaoping said: In the building of socialist modernization, "we are advancing by constantly solving new contradictions." The correct attitude is to be meticulous, promptly solve the nonantagonistic contradictions, and never be soft-hearted toward the antagonistic contradictions until they are thoroughly solved.

#### IV.

To correctly understand and handle the relations between inner-party contradictions and social contradictions, we must make earnest efforts to improve party style, strengthen the legal system, and effect a fundamental turn for the better in party style and general social mood.

Inner-party contradictions and social contradictions are two different concepts which are interrelated. Contradictions within the party are those that contradict with the objective, organization, discipline, and fundamental interests of the party, while social contradictions are referred to as those that contradict with state laws and regulations and the fundamental interests of the people. If we make a study of inner-party contradictions from social contradictions as a whole, inner-party contradictions are a component part of social contradictions and the two are closely related to each other.

While describing the occurrence of inner-party contradictions, Comrade Mao Zedong said: "Opposition and struggle between ideas of different kinds constantly occur within the party; this is a reflection within the party of contradictions between classes and between the new and the old in society." He related inner-party contradictions to social contradictions. Comrade Yaobang further developed Comrade Mao Zedong's thinking by saying: Like other matters, inner-party contradictions "develop in the struggle between contradictions." In the past, we simply regarded inner-party contradictions as a reflection of social contradictions. When problems occurred, we tried to seek their agent within the party and indiscriminately related social problems to inner-party contradictions. Comrade Yaobang's remark on the struggle between contradictions within the party has pointed out the way for us to practically analyze the cause of inner-party contradictions. The different level of ideological understanding and quality of party members is bound to lead to contradictions between different views. The thoughts and feelings of party members are changing from time to time. There is a difference between those without power and those who have power and between the past and present. Therefore, the changes in thoughts and feelings will result in contradictions between personal interests and the interests of the party and the people. Only by making a study of the laws governing the motion of inner-party contradictions can we grasp the essence of a matter. This is the attitude of a materialist.

Since there are certain aspects of inner-party contradictions that are different from social contradictions, we cannot replace the solving of inner-party contradictions with that of social contradictions. We should correct party style within the party and enhance the legal system in society rather than confuse the curbing of unhealthy tendencies in society with correcting party style. Inner-party problems should be dealt with according to the party's organizational discipline, while violation of laws and discipline in society should be handled according to law. We should improve party style on the one hand and general social mood on the other.

#### V.

We must master the stand, viewpoint, and method of Comrade Yaobang in analyzing contradictions and problems and conduct work in a creative manner.

The principle of seeking truth from facts runs through the entire speech of Comrade Yaobang. In light of Marxist dialectics and in connection with the new experience, conditions, and problems under the new situation, he has adhered to Marxist theory on party building and made a concrete analysis of concrete problems by proceeding from reality. He has creatively and scientifically analyzed inner-party contradictions under the new situation and developed Marxist theory on party building. Above all, we should profoundly understand the spirit of Comrade Yaobang's speech and learn from his viewpoint and method of observing and analyzing problems. In my opinion, while making a study of inner-party contradictions, we should, on the basis of profoundly understanding Comrade Yaobang's speech, carefully analyze the problems existing in party building. I would like to present some of my personal views on the issue.

1. Regarding the contradiction between different views on work and understanding, we should make a meticulous study of the reflection of small-scale peasant economy and feudal patriarchal views within the party and eliminate the pernicious influence of feudal ideas. Comrade Yaobang once pointed out that the reason why Shaanxi failed to develop its economy for a long time lies in the mentality of small-scale peasant economy and feudal patriarchal views. [paragraph continues]



This is also related to the occurrence of unhealthy tendencies and contradictions between different views on work and understanding within our party. Proceeding from this reality, we should eliminate the influence of feudal ideas, foster the new ideas of commodity economy, overcome conservative mentality and backwardness, and boost the enterprising spirit of reform.

2. The contradiction between personal interests and the interests of the party and people and the increasing number of economic cases are problems that must be seriously dealt with and solved. In my opinion, however, we should pay more attention to party discipline violations which the masses strongly oppose. Upright party members should not turn a blind eye to the issue. For example, Comrade Yaobang stressed in his speech the following circumstances mentioned by Comrade Qiao Shi: In personnel affairs, some people totally ignore the party's stipulations, willfully promote and put their trusted followers in key positions, and abuse their power to attack and frame the good comrades who are against them. In the legal system, they place themselves above the organizations, settle lawsuits by proceeding from their selfish interests, and even intentionally create framed cases. Their bureaucracy, abuse of authority, and irresponsibility in work have caused serious political and economic losses for the state.

3. In his speech, Comrade Yaobang has drawn a clear line of demarcation on major and principal aspects. Regarding the specific lines in applying the policies, we should continue to make explorations and studies. For example, we should draw clear lines of demarcation in the problems involving reform and unhealthy tendencies, antagonistic and nonantagonistic contradictions, and so on.

4. It is necessary to make a study of the new problems and circumstances and to sum up the new experience of the units that have done a good job in reform and correcting party style. For example, how should we perfect the party's political life and democratic centralism under the situation of reform, invigoration of the domestic economy, and opening up? How should we combine the reform of the political system with correcting party style? These are problems that call for serious study.

#### CONTRIBUTIONS OF RETIRED EXPERTS URGED

HK190109 Beijing RENMIN RIBAO in Chinese 15 Nov 86 p 3

[Commentator's Article: "Old Experts Should Not Stop Making Contributions"]

[Text] The implementation of a cadre retirement system is an important part in the reform of the cadre administrative system. Retired veteran comrades are still valuable assets of the party and state. They should still play their role in light of their own different conditions. Among these retired persons, the conditions of retired professional and technical personnel are more typical. With regard to how they are used, the General Office of the CPC Central Committee, and General Office of the State Council have recently transmitted a document "Regulations on Giving Play to the Role of Retired Professional and Technical Personnel," which contains a series of positive measures.

At present, there are about 14 million professional and technical personnel working in various fields in our country. To a country with a 1 billion population, which is carrying out its large-scale modernization program, the number is too small. With the implementation of a cadre retirement system, every year there are a number of professional and technical personnel who leave their technical posts. [paragraph continues]



Most of them are comrades who have comparatively profound knowledge, a wealth of experience, and are technically competent. A number of them are experts in their field, and initiators of certain branches of learning. Many of them are still physically and mentally sound. In particular, most of them suffered very much politically and lost precious time in the past. Old as they are, they still cherish high aspirations, and desire to do their best for the state. Letting such people stay at home idle is a loss to the state, nation and to the individuals.

In the history of science, some old scientists accomplish magnificent things. Such instances are not rare. However, veteran experts are, after all, old. We should not use them as we use young people. How should we give play to the role of veteran experts? 1) We should respect their desires; 2) we should proceed from reality, correctly estimate their ability, and take their physical condition into consideration; 3) we should make use of their strong points, and, generally speaking, we may let them take up the work of teaching, translation, writing books, providing guidance for research, training qualified personnel, technical development, providing consultant service, and so on; 4) we should solve the problems of remuneration and living conditions for them. The more painstaking efforts we devote to the work, the better results we will obtain in tapping the potential of veteran experts.

Efforts to give play to the role of retired professional and technical personnel involves various trades and services. All of us should show concern for this matter, and master the policy in this regard so that veteran cadres can continue to make new contributions to the four modernizations program.

#### PEOPLE'S COURTS FILE LAWSUITS AGAINST GOVERNMENT

OW150043 Beijing XINHUA Domestic Service in Chinese 0650 GMT 14 Nov 86

[By reporter Zhang Sutang]

[Text] Beijing, 14 Nov (XINHUA) -- Recently, the Shanghai Municipal Intermediate People's Court adjudicated a case in which a party disagreed with the fines imposed on it by the Environmental Protection Department. Meanwhile, the Wuhan Municipal Intermediate People's Court, the Milo County People's Court in Hunan, and other people's courts have also set up special tribunals to handle administrative cases.

During an interview with this reporter a few days ago, Ren Jianxin, vice president of the Supreme People's Courts, said: This shows China's administrative affairs will gradually be governed by law. If citizens or corporations disagree with the competent authorities' disciplinary sanctions or other administrative measures, they may file suits against the sanctions or measures in the people's courts. The gradual establishment and improvement of administrative affairs tribunals at people's courts will correct the previous situation where there were no departments to handle administrative cases. This is a major improvement of China's legal system.

In recent years, China's NPC and its Standing Committee as well as the State Council have drawn up a series of laws, regulations, and rules, under which whoever disagrees with the penalties or other disciplinary sanctions meted out by departments in charge of business administration, environmental protection, public health, taxation, and public security, may present his case at a people's court, or request the people's court to arbitrate. [paragraph continues]

This also applies to anyone who, after the implementation of the labor contract system, disagrees with the arbitration on labor disputes, or the dismissal of workers.

The "Regulations of the People's Republic of China Governing the Control of Public Offenses" adopted by the NPC Standing Committee this year will become effective on 1 January 1987. To ensure that cases regarding public offenses are handled properly and efficiently, the Supreme People's Court recently drew up the "Provisional Regulations on Questions About the Application of Specific Laws by People's Courts in Handling Cases of Public Offense".

According to the regulations, cases regarding public offenses should generally be handled by a basic-level people's court at the same place where the public security organ, or the township (or town) people's government, that made the first adjudication is located. If necessary, the basic-level people's court may refer its case to a higher people's court for adjudication. The higher people's court has the authority to try cases under the jurisdiction of the basic-level people's court. After accepting a case regarding a public offense, the people's court should summon for questioning the public security organ that made the last adjudication to answer questions. The public security organ that provides the last adjudication may summon for questioning the public security organ that made the first adjudication.

The regulations also provide specific rules governing the procedures, time limits, prosecution fees, and other matters in connection with the handling of cases regarding public offenses.

#### ENACTMENT OF LAW ON REFORM THROUGH LABOR URGED

HK200728 Beijing RENMIN RIBAO in Chinese 17 Nov 86 p 4

[Report by Mao Lei (3029 4320): "China Law Society President Urges Formulation of Law Governing Reform Through Labor"]

[Text] "Further improve and perfect the enactment of a law on reform through labor and formulate a reform-through-labor code suited to China's national conditions. This is not only a practical requirement for improving and strengthening China's reform through labor work, but also an urgent desire and eager wish of cadres and policemen engaged in reform through labor work." This is what Wang Zhongfang, president of the China Law Society, said on 15 November in an interview with this reporter at a symposium held by the Law Research Institution under the China Law Society on theory concerning the enactment of a law on reform through labor.

Wang Zhongfang pointed out that China's reform-through-labor organs, one of the means of people's democratic dictatorship, shoulder the heavy responsibility of punishing and reforming criminals. China promulgated "the regulations on reform through labor" in the 1950's. The cadres and policemen engaged in reform through labor used this weapon to reform millions of various criminals, which was described as "a miracle in the world." "The regulations on reform through labor" played its important historical role under the then objective conditions. However, due to new and important changes and transformation in social, political, and economic situations since the 3d Plenary Session of the 11th CPC Central Committee, great changes have taken place in the composition of criminals and there are many new situations and problems in reform through labor work. "The regulations on reform through labor" can no longer meet the requirement of the new situation and it is necessary to speed up the enactment of a law on reform through labor so as to further systematize and legalize the reform through labor work.

"What are the new situations and problems in the reform through labor work?" asked the reporter.

Wang Zhongfang said that first, the criminals in custody and under reform have changed from chiefly counterrevolutionaries in the past into mostly criminal offenders of various types at present. Most of the criminal offenders are very young, have a very low cultural level, and are ignorant. Second, we have carried out some reforms and blazed new trails in educating and reforming criminals. In addition to the important means of reform through labor, we have organized criminals to study politics, culture, and professional skills, so that they can master a skill useful to the society. In this way, we help create employment conditions for them when they rejoin the society and reduce their chance of committing crimes again. Therefore, our work in jailing and reforming criminals has far exceeded the old concept of merely taking criminals into custody but has become an important part in comprehensive improvement of public order. The reform work has developed more deeply than previous reform through labor work in depth and width and shoulders the glorious task of reforming the "black sheep" of the society into people who abide by law, observe discipline and are useful to the four modernizations. This will play a unique and important role in building socialist material and spiritual civilization.

"Is the time ripe to enact a law on reform through labor?" asked again the reporter.

Wang Zhongfang told the reporter that the preparatory work for enacting a law on reform through labor has started. He said that China has abundant experiences in reform through labor work through the practice of the past 30-odd years. Enacting a law on reform through labor is to systematize and methodize the experiences, which are based on Chinese characteristics, of reforming criminals through labor, and to upgrade the experiences to a theoretical level. Only by enacting a scientific and complete law on reform through labor, is it possible to well coordinate the law on reform through labor with the criminal law and the criminal procedural law, and to form a complete system of China's criminal law.

#### TREAT ASPIRING PARTY MEMBERS WITH CONCERN

OW171405 Beijing Domestic Service in Mandarin 1200 GMT 16 Nov 86

[Station commentary: "Show Greater Concern for Comrades With Long-Standing Requests for Party Membership"]

[Text] There are now many comrades in every locality who have yet to realize their wish to become party members, despite the fact that it has been many years since they have applied for party membership. Just think, how many 10- 20- or 30-year cycles can there be in the life of a person after he becomes 18? Party organizations should show even greater concern for those comrades with long-standing applications for party membership, namely, the criterion stipulated in the party Constitution. Except for this, no other local policies formulated by any localities are acceptable. In particular, it is necessary to guard against imposing any impractical requirements on the comrades applying for admission into the party. The principle that no person can be perfect, just as no gold can be pure, is also applicable in recruiting party members. Second, comrades with shortcomings deserve concrete analysis. [paragraph continues]

If their shortcomings are in the area of ideology and understanding, we should enthusiastically help them straighten things out in their minds. No overly stringent demands should be imposed on those comrades whose weakness lies in their personal dispositions or their method of thinking, much less should we blow such common problems out of proportion through inference of deduction to regard them as political problems. We must never commit the same mistake of politically hurting the feelings of our comrades again!

BEIJING PAPER ON NEW GENERATION OF POLICYMAKERS

HK200752 Beijing WEN ZHAI BAO in Chinese No 365, 16 Nov 86 p 1

[Article excerpted from ZHONGGUO XINWEN: "A New Generation of Chinese Policymakers Is Arising"]

[Text] ZHONGGUO XINWEN reported on 6 November that a number of new faces not widely known to people had appeared lately in the Policy Research Office of the Secretariat of the CPC Central Committee; the Economic, Technological, and Social Development Research Center of the State Council; and the State Structural Reform Commission -- high level brain trusts of Hu Yaobang and Zhao Ziyang. Most of them hold doctor's or master's degrees in economics and graduated from higher learning institutes, and many of them studied in Europe, America, and Japan.

Tian Yuan, one of the young winners of the first-class awards for excellent theses on social sciences in central state organs, is only 32 and now leader of the price group of the development research center of the State Council, which formulates most of the price reform programs, the most difficult job in China's economic reform. Jin Lizuo, 29, holds a post in the State Structural Reform Commission. Long ago, he put forward suggestions such as forming a socialist market system and establishing an independent state stock department. Zhang Fengbo, who is of the same age, is engaged in an exploratory study on the use of microcomputers for economic analysis. He is now a senior researcher in the development research center of the State Council.

The report said that there are many such young people in the policymaking center of Hu Yaobang and Zhao Ziyang. As they have systematically studied Chinese and foreign economic theories, the structure of their knowledge is new, and they have displayed their vigorous creativeness since their participation in administration.

SCHOLAR NOTES 'NEW DEMANDS' ON MARXIST PHILOSOPHY

HK191058 Beijing RENMIN RIBAO in Chinese 17 Nov 86 p 5

[Article by Li Keming (7812 0344 2494): "New Demands Imposed by the Times on Marxist Philosophy -- Commemorating the First Anniversary of the Publication of the Magazine XIANDAI ZHEXUE (MODERN PHILOSOPHY)"]

[Text] In the past 30 years, the main changes of the times are reflected in three aspects, and they all raise new demands on Marxist philosophy.

First, the new technological revolution and the great advances of modern science require that Marxist philosophy reform, replenish, and develop its theoretical system, contents, and form.



Since the 1950's, the new technological revolution represented by the development of information technology, new energy sources technology, new materials technology, biological technology, space technology, and oceanic technology has shifted the social and technological foundation of the most developed capitalist countries from a high degree of mechanization to all-round automation. Modern science guides the new technological revolution, which, in turn, promotes the rapid development of modern science. After the establishment of the theory of relativity and quantum mechanics in the early years of this century, a series of new branches of science appeared over the following 40 to 50 years. Various branches of science overlap and give rise to some frontier, intersecting, comprehensive, and section branches of science, as well as some "soft sciences." They form a group of new sciences. Systems science represented by systems theory, cybernetics, and information theory is a typical new science branch. The development of modern science and technology in the world is not merely reflected in some individual scientific discoveries or in specific technological progress; more important, it forms a revolution which is changing the whole face of the world and changing people's outlook on the world. Therefore, it requires that Marxist philosophy not only add some individual concepts and categories to its theoretical system and slightly revise the method of exposition, but also reform the entire system, contents, and form in light of the development of modern science and expand and deepen the scope of its theories and categories in all-round way.

The new characteristics of modern science are the integrated, independent, and relative characters of the way of thinking over the world's prospect. The integrated character refers to the unity of division and combination of things and processes and the organic unity of the parts and the whole. Marxism philosophy must observe and study things and processes from a comprehensive, all-round, and multidimensional point of view on the basis of modern science. The independent character refers to the dynamic role of the subject in transforming the object through perception and practice. The new technological revolution has greatly enhanced mankind's ability to control and transform nature, and has laid a solid foundation for people's dynamic role in their relations with the forces of nature. This is a decisive factor in the development of people's intelligence and their cultural and scientific standards in modern society. The theory about man's conscious dynamic role in Marxist philosophy should be developed to a new stage. The relative character refers to the unity of the accuracy and ambiguity of things and processes and the unity of certainty and the stochastic character of things and processes. Fuzzy thinking holds a prominent position in modern scientific thinking. The relative character requires us to go beyond the thinking mode based on the mechanical theory of causality founded by Newton and De Laplace (according to this theory, root causes of things are found in light of linear causality in a seclusive system). This is because all social phenomena and social processes are not determined by linear causality which is based on a single variable or a single value, but are determined by non-linear causality based on multiple variables and multiple values.

Second, the gradual transition of traditional monopoly capitalism to modern capitalism requires that Marxist philosophy sum up new concepts from this process.

The era of automation is marked by computers and robots. According to some scientific forecasts, the efficiency of computers in 20 years' time will be 1,000 times that of today's computers. At present, mental workers account for more than half of the total number of workers in developed capitalist countries. With further development of science and technology in the future, the productive forces may advance to a level at which the difference between physical and mental work is nearly ironed out, thus opening the prospect of mental workers managing society. [paragraph continues]

Is it possible that the scientific and technological progress in developed capitalist countries changes the form of the social revolution? Some Western sociologists divide social history into fishing and hunting society, agricultural society, industrial society, information society, and genetic engineering society. Can this method of dividing social history be combined with the theory of historical materialism about the five social forms? The materialist conception of history, to a certain degree, views the development of human society in light of a linear causality theory. Is there any scientific proof to show that human society is not developing in line with the linear mode but in line with a manifold mode? We will not be able to advance if we evade such questions. Historical materialism should similarly be revised, replenished, enriched, and developed.

Third, the transition of traditional socialism to modern socialism is an irreversible historical trend, and this requires that Marxist philosophy draw conclusions from this process.

At first, there was reform in Yugoslavia in the 1950's; then, came the reform in Hungary in the 1960's; and China's reform emerged and developed rapidly in the late 1970's and early 1980's. The Soviet Union is now also preparing for reforms. The basic characteristics and features of modern socialism are changing: The traditional planned economy is gradually turning into a socialist commodity economy; the state-owned economy will inevitably be changed into a new public ownership form which can better arouse the work initiative of the working people; proletarian dictatorship is developing in the orientation of establishing a high degree of democracy and a perfect form of rule by law; and in the near future, there may be a capitalist special administrative zone inside a socialist country and the concept of "one country, two systems" will be put into practice. Marxist philosophy should make theoretical summing-up of all these new phenomena. If we sidestep these questions, we will not be able to modernize our philosophy.

On the one hand, the times are rapidly changing and developing; on the other hand, our Marxist philosophy has lagged behind the development of reality. The two things present a striking contrast. The "aging" of Marxist philosophy is also a consequence of Stalin's personality cult in the 1930's, which has obstructed the development of all three major parts of Marxism. Now, not only philosophy, but all three parts of Marxism should be modernized, because they are interrelated and complement each other in development.

In the aspect of scientific socialism, due to the deep-rooted feudal and autocratic tradition in both Russia and China before their revolutions, plus the influence of the protracted war environment, their theories about the revolution, the state, political parties, war and peace, and the socialist economic mode are all more or less tainted with some military and feudal vestiges. As guiding theories for the socialist revolutionary practice, they have become more and more outdated in the face of the development in capitalist countries and the modern world where science and technology are developing rapidly.

In the field of political economics, "Das Kapital" has passed historical tests of more than 100 years, and most theories in this book are still correct and tenable. Its historical role is unparalleled. Of course, this does not mean that Marxist political economics does not need further development. For example, we need to study such questions as whether the proletariat is facing absolute poverty, whether small production will rapidly disappear, how class struggle will develop, whether socialism will replace capitalism in a short time, whether it is possible to eliminate commodities and money in socialist society, and so on, in light of the new conditions.  
[paragraph continues]

Lenin wrote "Imperialism Is the Highest Stage of Capitalism" in a new period and developed the theories of Marx' "Das Kapital"; it stood up to various tests in history and its basic theory has been proved correct. The death of tens of millions of innocent people in the two world wars fully showed the decadence of monopoly capitalism. Many new things have appeared in the capitalist world since the end of World War II, and it is necessary to draw a new conclusion on capitalism in the new period. As for modern socialism, it has just emerged from the womb of traditional socialism through a painful process, and the conditions for making scientific, comprehensive, and systematic summing-up of modern socialism are not ripe yet. The task of modernizing political economics is still very arduous.

Marxist philosophy is the highest level of abstraction. Historical development over the past more than 100 years has proved the correctness of the general regularity of nature, society, and human thinking summed up by Marxist philosophy. However, the existing philosophical system in our country and its concepts and principles, as well as its exposition and expression methods, have been divorced from the scientific progress in the era of the new technological revolution and divorced from the realities of modern capitalism and modern socialism. Its major shortcomings are: 1) It merely emphasizes the thinking mode based on linear causality of one single variable and value, and neglects the integrated development of things and processes; and 2) it places one-sided emphasis on the proposition that natural and historical processes in the objective world are independent from man's will and neglects man's dynamic role and excludes such issues as man's nature, personality, value, all-round development, alienation, and humanism from the study scope of philosophy. This backward condition of our philosophy must be changed. In order to prevent Marxist philosophy from being turned into "classical philosophic" by some artificial factors which violate its nature, we should advocate the modernization of Marxist philosophy.

#### RENMIN RIBAO ON FABRICATED 'HISTORICAL FACTS'

HK200415 Beijing RENMIN RIBAO in Chinese 15 Nov 86 p 1

["Today's Talk" column by Yang Zhonglian (2799 6988 3425): "The Executed Xiamen Mayor Is Sheer Fabrication"]

[Text] Recently, I went to Xiamen to gather news and met a retired local official who showed me some newspaper digests and told me just how he felt about them.

The newspaper digests he showed me all carried the same story about how Comrade Chen Yi, in 1959, unselfishly approved the execution of Bao Xiangzhi, then mayor of Xiamen, who had previously served as his bodyguard. The retired official told me that he had been working in Xiamen City government since the liberation and had never heard of any leader named Bao Xiangzhi. The retired official also said that none of the city leaders had been Chen Yi's bodyguard or was executed. The execution of a mayor is a major event. Why is it that it was neither reported in the newspapers at the time nor seen in any internal document?

The truth is that the story was published as a "legend" by some literary publication. To ignore the basic historical facts and pursue sensationalism to stimulate readers' feelings when depicting the historical activities of a real revolutionary leader is not a serious attitude. People generally like to read articles about leaders. However, what really interests readers are the true historical facts, not fabricated ones.



Actually, it is not difficult to discover the whole truth about the matter. All one should do is to take the trouble to make a telephone inquiry. However, this is exactly what these newspaper digests had failed to do. They had either devoted whole pages to such reports or published them in the column on "Revolutionaries of the Older Generation," which is supposed to carry real accounts of real persons. As the fabricated stories circulate, more readers are led to believe that this is major news that has been neglected for 27 years. The person who concocted the story is, of course, responsible for what has happened. But what about the editors of those newspaper digests; should they not be held responsible?

Treating fiction as fact and legends as true stories, whatever the motive, should be discouraged.

#### LOCAL PRESS OBSERVES PLA ARMY MANEUVERS

OW200148 Beijing XINHUA in English 0129 GMT 20 Nov 86

[Text] Beijing, November 20 (XINHUA) -- The People's Liberation Army (PLA) is conducting group army maneuvers, observed by the local press.

Joined by various armies and units, the exercise is participated in by hundreds of camouflaged fighting tanks, armored cars, automatic artillery, rocket launchers, tanks which can serve as bridges, armored ambulances and various engineering and construction vehicles.

"We also have over 1,000 camouflaged trucks, command and telecommunications vehicles participating in the exercise," a commander said, adding that all the vehicles were produced in China.

Soldiers can use the vehicles as their living quarters so that they don't have to live in the open during the exercise, the commander said.

Inside the headquarters, commanders equipped with helmets, gas masks and pocket tape recorders, are briefed by the commanding officer in front of a large screen which gives a clear view of the battlefield.

His orders, which are clearly shown in the screen in Chinese characters, are printed out instantaneously.

According to the officer, 80 percent of the military documents or information are studied and processed by computers and the commanding officer can converse directly with any fighting unit.

The commanders at three levels -- army, division and regiment -- are aged 50 or below, and most of them have been trained in the military academies, the officer said.

In the exercise, an encounter was staged between a "red army group" and a "blue army group". Most impressive was a successful "vertical counter-attack" by the "red army group" which was supported by fighters and bombers and which threw the "blue army group" in a passive position.



CENTRAL LEADERS ATTEND NAVAL OFFICER'S FUNERAL

OW150055 Beijing XINHUA Domestic Service in Chinese 0704 GMT 14 Nov 86

[Excerpt] Beijing, 14 Nov (XINHUA) -- Comrade Kang Zhiqiang, a long-tested outstanding CPC member, a loyal communist fighter, an outstanding PLA political work leader, and former deputy political commissar of the PLA Navy, died of illness on 1 November at the age of 74.

A ceremony to pay last respects to Comrade Kang Zhiqiang's remains was held at the auditorium of the Beijing Babaoshan Cemetery for Revolutionaries on 12 November afternoon. Next to Comrade Kang Zhiqiang's remains were wreaths sent in from Comrades Deng Xiaoping, Li Xiannian, Xu Xiangqian, Nie Rongzhen, Yang Shangkun, Qin Jiwei, Chen Pixian, Wang Ping, Huang Huoqing, Huang Kecheng, Xiao Jingguang, He Changgong, Wei Guoqing, Peng Chong, and Deng Zhaoxiang. Wreaths were also sent in from the Central Military Commission, the Ministry of National Defense, the General Staff Headquarters, the General Political Department, the General Logistics Department, and the Navy, as well as from Comrade Kang Zhiqiang's hometown.

Comrades Yang Dezhi, Yu Qiuli, Song Renqiong, Li Desheng, Chen Xilian, Ye Fei, Zhang Aiping, Hong Xuezhi, Yang Chengwu and Chen Zaidao attended the ceremony. They also sent in wreaths. [passage omitted]

AUTOMATIC OPERATIONS COMMANDING SYSTEM DEVELOPED

OW140306 Beijing XINHUA Domestic Service in Chinese 0018 GMT 9 Nov 86

[By correspondent Huang Jianming and reporter Liu Nanchang]

[Text] Guangzhou, 9 Nov (XINHUA) -- An automatic field operations commanding system for use by army divisions has been developed by the Guangzhou Military Region. This system can provide a supplementary plan for the commander to make a combat decision.

Dubbed "Field Operations Advisor," the automatic commanding system can analyze and judge the conditions on our side as well as on the enemy's, draw up expedient plans, provide measures for operations, and assist the commander in making timely and accurate decisions. It shows the process of operations with data and pictures and can also transmit messages on operations. In a recent maneuver in eastern Guangdong organized by the PLA General Staff Department, the "Field Operations Advisor" was used to assist a division in making a decision on an attack. It provided the best direction and course to be selected for the attack and completed the tasks of printing and transmitting the operation orders, all within a very short time. The efficiency was more than a dozen times higher through the use of this system.

The automatic commanding system is characterized by its great adaptability. It can be used in connection with the All-Army Automatic Commanding Network. In peacetime, it can also be used for training and macro-management in PLA units.

AUDITORS FINDING WIDESPREAD FINANCIAL VIOLATIONS

OW181122 Beijing XINHUA in English 1039 GMT 18 Nov 86

[Text] Beijing, November 18 (XINHUA) -- Auditing departments across China have discovered administrative units in violation of financial regulations in the first nine months of this year.

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According to the State Auditing Administration, 6.2 billion yuan (1.7 billion U.S. dollars) used illegally by some of the 60,400 enterprises that have been checked is an increase of 2.25 billion yuan (608 million U.S. dollars) over the same period last year.

This year auditing departments have focused on auditing material supply and foreign trade departments, funds allocated for education, fees collected for road tolls, and 699 financial and tax revenue organizations.

So far they have uncovered 400 serious cases of violating financial regulations, each involving at least one million yuan (270,000 U.S. dollars), and 180 cases of corruption, each involving at least 10,000 yuan (2,700 U.S. dollars), thus helping to crack down on economic crimes.

The 1,800 auditing departments above the county level regularly investigate administrative units, and more than 20 provinces, municipalities and autonomous regions are now auditing factory directors who are leaving their posts.

The State Auditing Administration has set up special agencies in Shenyang, Wuhan, Guangzhou, and Shanghai to strengthen the supervision of auditing in departments and enterprises attached to the central authorities.

#### BEIJING TO INTRODUCE INDIVIDUAL CHECKS 1 DEC

OW191424 Beijing XINHUA in English 1056 GMT 19 Nov 86

[Text] Beijing, November 19 (XINHUA) -- Some Beijing residents will be able to use personal checks to pay for purchases from December 1, the BEIJING DAILY reported today.

People can buy check books, with minimum deposits of 500 yuan (about 135 U.S. dollars), from seven savings offices of the Industrial and Commercial Bank of China in the urban districts and near suburbs of the capital, the paper said.

The interest rate will be the same as that of current deposits. Goods worth ten yuan (about 2.7 U.S. dollars), and more can be paid for by check, it said.

This service is now confined to intellectuals and noted social figures, considering the limited amount of shop counters involved at this stage, the report said.

It is learned that personal check deposits are also being tried out in 11 other provinces and cities in China. Checks used to be used only by work units in China.

#### RENMIN RIBAO ON NEW LEVEL OF AIRCRAFT INDUSTRY

OW050528 Beijing XINHUA in English 0257 GMT 5 Nov 86

[Text] Beijing, November 5 (XINHUA) -- Airplane production and research in the field have reached a new level in China, the "PEOPLE'S DAILY" reported today.

Wang Ang, vice-minister of aviation industry, said, "the 11 models of military and civilian airplanes exhibited in Britain last September surprised viewers and received positive responses abroad."

"The models reflected the production capability and overall level of China's aviation industry," said Wang, adding that the F8-II drew a lot of attention at the exhibition.

"Previously, foreign businessmen did not know much about China's airplanes, but after attending the exhibition, they agreed that China is a reliable cooperative partner in the field and China will be competitive on the open market," Wang said.

"We should update and rethink the idea that research work and production must be conducted by only one factory, and through our own efforts, we should strengthen international cooperation to seek a new road in developing our aviation industry," said Wang, who used to be a senior pilot.

In order to catch up with those countries advanced in the field, China should start with the research of techniques and materials, Wang said.

"China has been producing airplane parts for foreign companies under processing contracts worth one hundred million U.S. dollars, and this has helped earn foreign currency and upgrade airplane production technology," Wang said.

Optimistic about the prospects of China's export of planes, Wang said that China will try to supply the aviation exhibition, to be held next year, in Paris with real planes in addition to the models.

#### LARGEST SCIENCE DATA POOL PASSES APPRAISAL

OW192050 Beijing XINHUA in English 1721 GMT 19 Nov 86

[Text] Beijing, November 19 (XINHUA) -- The largest science and technology data pool in China passed technical appraisal by the Beijing municipal authorities today following trial operation here over the past 18 months.

It stores 23,000 achievements in science and technology made by 2,600 units throughout China and any data can be retrieved in three seconds, according to Beijing experts.

The pool was built by the Beijing Research Institute of Science and Technology Information in cooperation with units in 20 Chinese provinces and municipalities, the experts said.

SHANDONG CONDUCTS VILLAGE-LEVEL RECTIFICATION

SK190728 Jinan DAZHONG RIBAO in Chinese 2 Nov 86 p 1

[Text] In line with the arrangements made by the Central Party Rectification Guidance Commission and the provincial party committee, our province has successively begun conducting village-level party rectification work since mid-October this year. As of the end of October, the work entered the period of conducting study and education activities. In order to do a good job in carrying out the village-level party rectification drive, the province has selected, trained, and dispatched 88,990 personnel to take charge of observation, liaison, and propaganda work in carrying out the village-level party rectification drive. Counties, townships, and towns have also studied and worked out their own plans for conducting village-level party rectification work and have earnestly prepared for studying the documents and guiding materials of the party rectification drive.

Since the beginning of the village-level party rectification drive, party committees at all levels have placed village-level party rectification work on their agenda, regarded such work as a major task, implemented the system of dividing responsibilities among the leading personnel, made overall arrangements for the village-level party rectification drive and economic work, and enforced the responsibility system of having Standing Committee members assume village-level party rectification tasks. At present, most party committees at county, city (district), and township-town levels have had their secretary take personal charge of village-level party rectification work, their deputy secretaries actively share the responsibility in the drive, and their Standing Committee members grasp practical tasks in the work. They have generally reinforced the work organs in charge of the party rectification work at the county and township-town levels. Counties, townships, towns, and the village party branches have conducted mobilization activities for the party rectification drive and have worked out special topics for study and education activities in line with the four party rectification contents, including ideals, purpose, and transformation, and policies; the concept of the commodity economy; law and discipline; and the guiding principles for party members. They have also made more flexible arrangements in contents, time, and methods for studying each topic. Meanwhile, they have organized study activities in line with the topics by upholding the main points. They have genuinely regarded as an important study document the "resolution" adopted at the 6th Plenary Session of the 12th CPC Central Committee and have closely integrated the study and implementation of the "resolution" with the village-level party rectification drive.

STATE COUNCIL APPROVES SHANGHAI DEVELOPMENT PLAN

OW140140 Shanghai JIEFANG RIBAO in Chinese 6 Nov 86 p 1

[Excerpts] On 13 October this year the State Council gave this municipality the following written instructions on the "Shanghai Municipal Overall Urban Development Plan" submitted to it for approval:

1. The State Council concurs in principle with the "Shanghai Municipal Overall Urban Development Plan," which may be used as a basis for Shanghai's urban development and construction program in the future. Serious efforts should be made to execute it.
2. Shanghai is one of the most important industrial cities of our country. It is also the largest port and a major economic, scientific, technological, trade, banking, information, and cultural center of our country. As such, it should play a still better role in serving the purpose of China's modernization. [paragraph continues]



At the same time, Shanghai should be built into the largest economic and trade center on the western rim of the Pacific basin. This should be the basis for the municipality's overall urban development plan and all other projects. [passage omitted]

3. It is imperative to strictly control the growth of population and take various measures to maintain a pleasant environment. At present, Shanghai has an overly dense urban population. While promoting family planning, serious efforts should be made to control population growth, so that the municipality's population will be kept at the level of about 13 million by the year 2000. [passage omitted]

4. The layout of cities and towns should be readjusted. It is necessary to gradually change the one-center layout and, instead, to make planned positive efforts to build one central city and several satellite cities as well as a number of small cities and towns in the suburbs and market towns in rural areas, so that a clearly stratified and harmoniously developing city and town system will gradually come into being. Emphasis should be put on developing Jinshanwei and Wusong, respectively in the south and north, and on accelerating the construction of some new districts. At present, particular attention should be given to the construction and renovation of Pudong District in a planned way. Efforts should be made to complete the Huangpu Jiang bridge and tunnel projects as soon as possible, to develop banking, trade, scientific, technological, cultural, educational, and commercial service facilities, and to build new residential areas in Pudong District so as to turn it into a new modern district.

The good geographic location and other existing favorable conditions of Chongming Dao should be fully exploited. Construction of this island should be included in the overall urban development plan. [passage omitted]

5. The industrial structure should be readjusted, and the locations of industrial plants should be rationalized. Shanghai Municipality, which is the core city of the Shanghai Economic Zone and one of China's economic centers, should base its work on the needs of the entire economic zone and the whole country. It should rationalize the distribution of its industries in accordance with characteristics of the cities and towns within the economic zone. Emphasis should be placed on developing knowledge-intensive and technology-intensive new industries that produce high-grade, fine, and advanced products and on using new technologies to transform the large number of traditional industries. In general, industrial projects consuming large amounts of energy, occupying large areas of land, involving a great deal of transportation work, causing serious environmental pollution, and requiring intensive labor should not be located in urban areas, especially in the central part of urban areas. [passage omitted]

6. Conscientious efforts should be made to formulate a plan for building internal and external transport facilities and to execute the plan. To ease the current strained situation of water, land, and air transport and to meet the needs of future development, it is necessary to build a highly efficient comprehensive transport system.

Improvement of main traffic lines in urban areas should be accelerated, and work should be started on constructing subways. [passage omitted]

Shanghai's civil airports cannot meet the requirements of international exchange and tourism development. An expansion plan for the Hongqiao International Airport should be worked out to meet the needs of a modern city as an international economic and trade center, and the work to expand the airport should be carried out at an accelerated pace once the plan is drawn up. [paragraph continues]

In view of the fact that the Longhua and Jiangwan airports are now surrounded by urban areas and both safety, in using these airports, and urban construction work are affected, the proposal for relocating the Jiangwan Airport and using the Longhua Airport for other purposes is approved. [passage omitted]

7. It is necessary to go all out to build infrastructure facilities and housing projects. Urban construction and the improvement of the people's living standards must be based on a developed economy. Continued efforts should be made to build housing projects and other facilities to meet the people's daily needs. Moreover, positive efforts should be exerted to reform the management system for urban construction. There should be unified planning and diversified measures to commercialize the people's housing step by step and to improve their living conditions continuously. Construction of housing projects should be carried out in conjunction with the readjustment of distribution of industries, renovation of old residential areas, and improvement of infrastructure facilities. Emphasis should be put on readjusting and transforming those industrial plants that cause serious public hazards and the areas of shack-dwellers with a view to effectively improving the environment and the urban appearance. [passage omitted]

8. Earnest attention should be paid to environmental protection. Shanghai has a serious problem with environmental contamination. It is therefore imperative to take effective measures to utilize the waste gas, liquid, and residue discharged by industry and to properly dispose of human excrement and garbage. Serious efforts should be made to control air and water pollution and to solve the noise problem. [passage omitted]

9. It is necessary to create a very attractive investment environment so as to increase domestic and international economic, technological, and cultural exchanges. In the past, Shanghai was one of the renowned international ports. Now it is the largest open port city of our country with favorable conditions for opening itself to the outside world. Because of this, it is necessary to create more efficient information exchange and communications conditions and still better working and living environments and to provide fairly good public utilities so as to solicit and utilize foreign investment. Meanwhile, Shanghai should seriously sum up and assimilate the experience gained by others at home and abroad as well as its own experience, make good use of its favorable conditions, and do a good job of opening itself to other localities within our country so as to attract domestic investment. [passage omitted]

10. The State Council concurs in the establishment of the Shanghai Urban and Rural Planning and Construction Commission. The commission will be composed of responsible comrades from the Shanghai municipal people's government, the State Planning Commission, the State Economic Commission, the Ministry of Urban and Rural Construction and Environmental Protection, the Shanghai Economic Zone Planning Office, and the PLA units stationed in Shanghai. The chairman of this commission will be the mayor of Shanghai. The main tasks of the commission will be to lead the work of urban and rural planning, construction, and management, to take responsibility for examining and implementing short-term and annual programs under the overall urban development plan, and to solve major questions concerning urban and rural development plans and the planning and implementation of urban construction programs. [passage omitted]

The State Council asks the party, government, and Army departments of central organs and various provinces, autonomous regions, and municipalities stationed in Shanghai to set an example in implementing the Shanghai Municipal Overall Urban Development Plan and the related regulations so as to make joint efforts to build Shanghai into a modern city with highly developed material and spiritual civilizations.

GANSU SECRETARY ADDRESSES CITY REFORM SYMPOSIUM

HK170441 Lanzhou GANSU RIBAO in Chinese 3 Nov 86 p 1

[Report by Cheng Jie (4453 2638): "Provincial Party Committee and People's Government Hold Symposium on Organizational Reform in Tianshui City"]

[Text] On 27 and 28 October, the provincial party committee and people's government in Tianshui City held a symposium on organizational reform. At the symposium, Li Ziqi, secretary of the provincial party committee, made a speech on the issue of organizational reform and the building of spiritual civilization. Hou Zongbin, deputy secretary of the provincial party committee, chaired the symposium.

Tianshui City is one of China's 16 experimental cities for conducting organizational reform. It is also one of the province's experimental units for carrying out reform of the economic structure and the political system. In order to promote the city's reform, and for the sake of gaining experience for the province's full-scale reform, in late September responsible comrades of the provincial party committee and government listened to the city's report on the work and proposed the requirement of speeding up the experimental unit's reform work. In the month that followed, the city's party committee and government adopted the method of promoting work in all areas by drawing on experience gained at key points, as well as that of integrating the upper levels with the lower. After thorough discussions, they proposed to the agricultural departments the reform plan of separating party supervision from government administration, and that of separating government administration from business operations; the reform plan of streamlining organizations; and the reform plan of strengthening the service system. At the same time, they worked out a preliminary plan for the whole city's organizational reform. At this symposium, after the joint discussion of responsible comrades of the provincial party committee, pertinent departments of the provincial government, and the responsible comrades of Tianshui City, the symposium formulated the basic principles, direction, and key points of the city's organizational reform. The basic practice adopted by this symposium on organizational reform can be summed up by the phrase "doing several things first before doing several other things." In other words, we should change our concepts first before working out plans; change the functions first before determining the organizational structure; know the requirements well first before determining the setup of organizations; and assess the cadres first before determining the formation of leading groups.

In his speech, Li Ziqi stressed: We must replace our old concepts with updated ones, change the functions, provide better services and carry out organizational reforms in a positive and steady way. He said: Though we have carried out organizational reform several times, the organizational setup has always enlarged after being streamlined and waited for another campaign of organizational streamlining. An important reason for this is that we did not tackle the key issue of changing functions. When we only consider changing the organizational structure but not the functions, we leave the work unfinished, make the organizations exist in name only, or even make them become more redundant and overstaffed.

Li Ziqi said: Reform is an entirely new undertaking which requires us to really replace our old concepts with new ones. In the course of organizational reform, we must discard this kind of thinking: First is the concept of "centralization"; that is, highly centralizing the power and governing everything. Second is the concept of "supervision"; that is, simply emphasizing administrative supervision and being apt to use administrative means to supervise work down to enterprises and the grass roots. Third is the concept of "conservation"; that is, always thinking of preserving the old system, rules and regulations, and the traditional pattern.



Fourth is the concept of "comparison"; that is, everyone vying with each other in terms of standardization, ranking and remuneration. Fifth is the concept of "having too many"; that is, always believing the more people we find the better, the more organizations we establish the better, and the more complete an organizational structure is the better. If these concepts are not discarded, we shall face difficulties in breaking through the outdated system in the work of organizational reform. He pointed out: While carrying out organizational reform, we must uphold the principles of streamlining, offering services, strengthening the work at the grass roots, separating party supervision from government administration, and allowing promotions and demotions. On the issue of offering better services, he said: The aim of changing functions is to change the organizations from a supervisory type to a service type, so that the government can really play the roles of overall planning, coordination, supervision, and serving. But since we have protractedly followed the practice of planned economy and a high degree of centralization, many comrades are apt to indiscriminately centralize and supervise everything whenever they talk about government functions. They tend to nationalize enterprises whenever they learn about their advantages. Not only do they want to nationalize enterprises owned by the whole people, but also those owned by collectives. Also, they always pass on to the lower level work that cannot be easily handled. To lead is to serve. As a leading organ, one should serve the grass roots and enterprises, serve the peasants by helping them attain prosperity, and serve the masses by making things convenient in their daily life. Organs should pay attention to perfecting the present service system, and truly make the setup of organizations perform well the function of serving, and should constantly widen the range of services, rather than simply changing the names of organizations.

#### GANSU SECRETARY ON OLD LIBERATED AREA CONSTRUCTION

HK170243 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 11 Nov 86

[Excerpts] The fourth work conference on the construction of the Qingyang old liberated area concluded in Xifeng this afternoon. Li Ziqi, Jia Zhijie, Wang Bingxiang, Ge Shiyang, and responsible comrades of provincial departments concerned, of Qingyang Prefecture, and of the counties of the prefecture, totaling some 200 people, attended the conference.

The conference summed up the experience of the Qingyang old liberated area in economic construction and in helping the poor in counties since the beginning of this year and studied the measures to enable the old liberated area to further accelerate its pace of being lifted out of poverty and getting rich and to ensure the achievement of the target of struggle -- solving the problems of clothing and food in 3 years and changing the outlook in 5 years. The conference put forward a plan for helping the poor in science and technology in the Qingyang old liberated area during the Seventh 5-Year Plan and spark plan for 1987. During the conference, Li Ziqi, Jia Zhijie, Wang Bingxiang, and Ge Shiyang respectively spoke. [passage omitted]

The conference demanded: In construction of the old liberated area, it is necessary to put economic results in the key position. All economic work must be arranged, with emphasis laid on economic results. We must use the state investment where it is needed most. The conference emphatically pointed out: The key to whether or not construction of the old liberated area can be speeded up lies in cadres. Leading cadres at all levels of the Qingyang old liberated area must learn the ability to organize the production of commodities, to employ qualified personnel, to do practical work for the masses; really shoulder the important duty to lead the people of the old liberated area to be lifted out of poverty and to get rich; and speed up economic construction in the Qingyang old liberated area.



At the fourth provincial work conference on construction of the Qingyang old liberated area, which concluded this afternoon, provincial party committee Secretary Li Ziqi put forward: It is essential to apply the common ideal to further mobilize and organize all people throughout our province to achieve the target of [words indistinct], of being lifted out of poverty, and of getting rich. He said: The practices over the past few years show that no matter whether their conditions are good or bad, all places have very great potential and a way to be lifted out of poverty and to get rich. So long as we persist in the way which we have always proven correct and work for 3 to 4 more years, our province stands a very good chance of basically being lifted out of poverty and getting rich.

In his speech, Li Ziqi demanded: All places throughout our province must closely link the immediate target of being lifted out of poverty and getting rich with the common ideal and achieve the target of being lifted out of poverty and getting rich in the villages and thousands and thousands of households. In the course of achieving the target of being lifted out of poverty and getting rich, it is imperative to be practical and realistic and not to impose patterns and tasks on all levels. He also said: According to the requirements for the production of commodities, it is essential to renew our concepts. At present, we must mainly overcome and renew the idea of regarding agriculture as the main work, the idea of closing, the idea of getting rich by sheer good luck [words indistinct], the concept of relying on the state in everything, and the concept of [words indistinct]. Many typical examples in our whole province and the Qingyang old liberated area clearly show that after the concepts have been renewed, a way to get rich emerges. In his speech, he put forward specific demands on grain production, growing grass and trees, developing animal husbandry, agricultural, forestry, industrial, and sideline production, and exporting labor.

#### NINGXIA MARKS 50TH ANNIVERSARY OF LONG MARCH

HK140641 Yinchuan NINGXIA RIBAO in Chinese 23 Oct 86 p 1

[Report: "Regional Party Committee, People's Government Hold Meeting To Mark the 50th Anniversary of the Successful Conclusion of the Long March"]

[Text] Yesterday afternoon, more than 1,000 people from various regional departments, the PLA, the armed police troops, and schools attended a meeting held by the regional party committee and people's government to mark the anniversary of the successful conclusion of the Long March. The meeting was held in the Hongqi Theater in Yinchuan.

Regional party, government, and Army leaders Li Xuezhi, Hei Boli, Ma Qingnian, Li Huihe, and Liu Xueji, and 16 veteran Red Army fighters including Li Kaiguo, Jiang Guangdong, and Zhang Cheng, were present at the meeting.

Hei Boli, chairman of the regional people's government, presided. Li Xuezhi, secretary of the regional party committee; Li Kaiguo, representative of the veteran Red Army soldiers; and Hong Meixiang, a youth representative, spoke at the meeting.

In his speech, Li Xuezhi, on behalf of the regional party committee and people's government, extended warm regards and heartfelt respects to the veteran Red Army comrades who took part in the Long March and all the comrades who have made contributions to the revolution, expressing profound condolences to the revolutionary martyrs who took part in the Long March, and deep sympathy to their family members.

He said: Fifty years ago, under the leadership of the CPC and Comrade Zedong, the Chinese Workers' and Peasants' Red Army made a great strategic shift of forces in order to go northward to fight Japanese aggressors. Under extremely dangerous conditions, the Red Army soldiers, who were loyal to the revolutionary cause and had an indomitable will, fought and advanced heroically; shattered the encirclement, pursuit, interception and attack by hundreds of thousands of KMT troops; overcame countless hardships and obstacles, and finally won the victory of the earthshaking 25,000-li Long March. The Red Army also came to Ningxia during the Long March. In the autumn of 1935, the 1st Front Army of the Red Army entered Guyuan in our region. When crossing over the Liupanshan, the last mountain on the route of the Long March, Comrade Mao Zedong wrote a magnificent poem "The Liupan Shan." In the autumn of 1936, the West Expedition troops of the Red Army liberated Yanchi, Tongxin, Yuwang, and Haiyuan. In October the same year, under the leadership of the CPC, the people in Tongxin and Haiyuan established the Yuhai County Hui Nationality Autonomous Government, which was the first Red power in the history of Ningxia, and the "first sign" of liberation of the Hui nationality people under the leadership of the CPC.

He continued: When we commemorate the great victory of the Long March and recalled the glorious achievements of the Red Army, our purpose is to learn from them, to carry forward, and to develop the indomitable revolutionary spirit of fearing neither difficulties nor hardships nor sacrifices, the heroic spirit of daring to struggle and being good at struggle, and the heroic spirit of pressing forward with indomitable will; and the noble character of serving the people wholeheartedly, of being industrious and plainliving, working selflessly for the public interests, and being honest in performing duties; and to carry forward the conviction and will as well as the fine traditions and work style of the Red Army, so as to build our country into a powerful socialist country with a high degree of civilization and democracy.

He emphasized that we must conscientiously study and implement the "Resolution of the CPC Central Committee on the Guiding Principles for Building Socialist Spiritual Civilization," which was adopted by the 6th Plenary Session of the 12th CPC Central Committee, and turn our memory and love of the Red Army into great spiritual strength in building the two civilizations. We must combine our lofty communist ideals with our common efforts to realize socialist modernization and combine the efforts to realize our objective of struggle with doing a good job in our practical work. We must conscientiously study Marxism-Leninism-Mao Zedong Thought and study science and culture, so that we can become new people in the socialist society who "have ideals, morality, knowledge, and a sense of discipline," and so that we can carry forward the reform with a firm confidence and work in a down-to-earth manner to "change the face of Ningxia." The Communist Party members and cadres, especially the leading cadres, must work even harder to learn from and develop the fine traditions and style of the Red Army, which are characterized by working hard and selflessly for the public interests and maintaining close ties with the masses. They must set strict demands on themselves, serve the people heart and soul, and be the servants of the people. They must be the vanguard in reform and socialist construction and models of doing concrete work rather than indulging in empty talk. They must also be models in observing discipline and law and in rectifying party style.

He urged the people of this region to further develop the heroic spirit of the Red Army, who "never stopped until they reached the Great Wall," and conscientiously implement the policy of grasping both civilizations so as to build Ningxia into a civilized, prosperous, and rich region, and so as to greet the successful convention of the 13th CPC National Congress with outstanding achievements.

After the meeting, the regional art troupe gave a theatrical performance.

XINJIANG COMMENTARY ON SPIRITUAL CIVILIZATION

HK190319 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 17 Nov 86

[Station commentary: "Really Grasp Well the Building of Rural Spiritual Civilization"]

[Text] This station has recently and continuously broadcast the information about Usu County's activities of building civilized villages. The achievements in building spiritual civilization in the rural areas of Usu are marked and its experience valuable. However, we must frankly admit that many places in our region have not really grasped the building of rural spiritual civilization as Usu has done, and they have so far regarded the building of spiritual civilization as a short-term plan. Illiteracy and semi-illiteracy in these places is on the increase and all kinds of backward and uncivilized phenomena have frequently occurred. The passive phenomena have directly or indirectly affected production, construction, and economic development and become peasants' heavy burden in getting lifted out of poverty and in getting rich.

The 12th party congress decided that the general task of our party for the new period is to achieve the four modernizations and to build our country into a socialist country with a high degree of civilization and democracy. This target of struggle includes achieving the four modernizations, doing well in economic construction, and building a high degree of socialist spiritual civilization and in a high degree of socialist democracy. Without even one of these aspects, socialism with Chinese characteristics is incomplete and cannot even basically be built up.

So far as the rural areas are concerned, the building of socialist spiritual civilization is more urgently needed and is more arduous. The backward economic and cultural situation of Xinjiang is expressed more conspicuously in rural areas. The pernicious influence of feudalism, the corruption of the idea of small-scale production and [words indistinct], and all kinds of backward, uncivilized, and unsanitary phenomena have universally existed in rural areas. If we do not really grasp well the building of rural spiritual civilization, the building of socialist spiritual civilization as a whole will become an empty talk.

The 6th Plenary Session of the 12th CPC Central Committee formulated general principles for further building spiritual civilization and put forward clear demands. The masses of the rural areas, particularly young people, also urgently demand that the building of rural spiritual civilization be promoted. So long as party organizations and governments at all levels of the rural areas treat this work from the strategic plane and strengthen and improve leadership over the building of spiritual civilization as Usu County does, the rural areas of our region will surely make a still greater progress in the building of spiritual civilization.

BRIEFS

QINGHAI GROUND STATIONS -- By the end of October, the province had built and put into operation 50 satellite ground receiving stations for television. Most areas in the province can now receive the Central Television Station programs. [Summary] [Xining Qinghai Provincial Service in Mandarin 2330 GMT 5 Nov 86 HK]

ARREST OF DPP MEMBERS AT TAIWAN AIRPORT REPORTED

OW160638 Beijing in Mandarin to Taiwan 0400 GMT 16 Nov 86

[Text] According to a RENMIN RIBAO roundup of wire reports and the Taiwan press, several hundred members of the Democratic Progressive Party [DPP], while protesting border defense authorities' refusal of entry to seven overseas members of the party on the grounds that their travel documents were incomplete, scuffled with police on 14 November at Taiwan's Chiang Kai-shek [CKS] Airport. Many people were wounded.

Seven overseas members of the DPP, including (Xie Jingzhi), (Zhang Zhaoji), (Zhong Jinjiang), (Yang Jiayou), (Ou Huangkun), (Xie Jinnan), and (Liu Shuiquan) arrived at the CKS Airport on a Singapore Airlines flight from the United States at 0750 on 14 November. Four of them were refused entry because they lacked entry visas. More than 3 hours of negotiations produced no results. (Xie Jingzhi) and five others decided to return to the United States. (Liu Shuiquan) was handcuffed by police and handed over to Singapore Airlines.

Xu Xinliang, chairman of the DPP overseas organization, told reporters in an interview in the United States on that evening that (Liu Shuiquan) and others are Taiwan citizens. It is inhumane for the Kuomintang to not allow them to enter Taiwan for no reason whatsoever. Xu Xinliang also said that he will leave for Taiwan on 28 November.

A spokesman for the Taiwan police has said that the authorities have decided on how to deal with Xu Xinliang, who is already listed as wanted. He will be arrested and brought to justice in accordance with the law if he forces his way into the country.



KMT SECRETARY GENERAL DISCUSSES NEW LAWS

OW151420 Taipei CHUNG YANG JIH PAO in Chinese 9 Nov 86 p 1

["Full text" of interview with Mah Soo-lay, secretary general of the Kuomintang Central Committee, by unidentified reporter; date, place not given]

[Excerpts] Question: Since the Standing Committee of the Kuomintang Central Committee approved the research conclusions of the two new documents on political reform -- "The National Security Law and Decrees During the Period of Mobilization for Suppression of Rebellion" and "Organization of Civic Bodies During the Period of Mobilization for Suppression of the Communist Rebellion" -- concerned governmental departments have been busy with the revision and legislation of laws. This is an epoch-making development in the course of promoting democracy and constitutional government. Mr Secretary General, what is the basic spirit of these two resolutions? What direct bearing do they have on our constant promotion of democracy and constitutional government?

Answer: [passage omitted] The KMT's approval of these two resolutions is aimed at earnestly implementing the late party Director-General Chiang Kai-shek's instruction that "the progress of promoting constitutional government must not be delayed by the task of suppressing rebellion." Even now, the Chinese Communists are still covetously eyeing Taiwan across the Taiwan Strait and, therefore, the alert status of the mobilization for the suppression of rebellion must not be in the least relaxed. However, in view of the solid results of the hard efforts made by the military and all the people over more than 30 years -- economic prosperity, social stability, people's prosperous and happy life, the rising educational level of the people as a whole, and a still better environment for promoting democracy and constitutional government -- Chairman Chiang Ching-kuo resolutely decided to initiate these two reform measures in order to match the marked progress made in all fields on this bastion of national renaissance. [passage omitted]

Question: The KMT's approval of these two proposals at this juncture has been misconstrued by certain people. Some believe that the KMT was compelled by outside pressure to approve these two proposals following certain incidents related to the political and social order in recent months. Mr Secretary General, what is the real story behind this?

Answer: Such an idea on the part of these people is absolutely wrong and totally groundless. I have just said that the KMT's action this time was aimed at earnestly implementing the late KMT Director-General Chiang Kai-shek's instruction that "the progress of promoting constitutional government must by no means be delayed by the task of suppressing rebellion." It was Chairman Chiang Ching-kuo's decision, made in view of the solid results of the hard efforts to implement the Three Principles of the People on this bastion of national renaissance and the still more favorable environment for promoting democracy and constitutional government. It was a self-initiated, positive, and forward-looking political action. By no means has there been any outside pressure. [passage omitted]

Allow me to reaffirm that the approval of these two conclusions by our party's Central Committee follows from the policy decided upon at the Third Plenary Session of our party Central Committee as well as subsequent actions. It is a self-initiated, positive, and forward-looking political action.

Question: The approval of the above two political reform measures has provoked strong repercussions as well as favorable comments inside and outside the country. [paragraph continues]

In particular, special attention has been focused on two points -- the lifting of martial law and restrictions on the formation of new political parties -- mentioned in the measures. Nevertheless, there are inevitable doubts on the part of many people. Martial law has been in force for more than 30 years. Why did the government and the ruling party suddenly agree to the lifting of this law that they had persistently refused to relax in the past? Why did the government and the ruling party suddenly lift restrictions on the formation of new political parties, to which they had persistently refused to agree in the past? What are the real causes for these actions?

Answer: [passage omitted] The ruling party has decided to lift martial law in the Taiwan and Penghu areas because it feels that a certain degree of assurance has been obtained as regards state security, social stability, and economic prosperity. Specifically, this important policy decision was made on the basis of the following considerations:

First, in the past 30 years or so we have constantly kept the scope of martial law to a minimum, doing our best to safeguard the people's freedom of normal activity and basic rights even under the state of martial law. Our efforts have enabled social prosperity, stability, and the people's welfare to improve unhindered. (Because of this, we have discovered from past polls that the majority of the people didn't even know there was martial law on this bastion of renaissance). Nevertheless, there are people in other countries who have misunderstood our martial law as the same as Western-type martial law. This unnecessary misunderstanding has greatly impaired the image of our country. The lifting of martial law now will certainly improve our country's image and win us more support and friends internationally.

Second, the implementation of democracy has been the consistent advocacy and goal of our party. Further strengthening the protection of human rights during the period of rebellion suppression constitutes a concrete action of promoting democratic constitutional rule.

Third, by sincerely taking concrete action to promote democracy, our party hopes to promote unity, harmony, and stability in our society.

Fourth, by lifting martial law, we can foil the attempts of the "Taiwan Independence Movement" and other conspirators to use the issue of martial law to slander the government and stir up people. [passage omitted]

Next, let me talk about the lifting of restrictions on the formation of new political parties. [passage omitted]

The main reason for forbidding the formation of new political parties was that the Chinese Communists on the opposite side of the Strait have never stopped their attempts to disintegrate and infiltrate this bastion of renaissance in order to realize their evil scheme of creating confusion and subversion from within. [passage omitted]

Of course, there is no denying the fact that the world situation and trends have changed. The Kuomintang, confronted by a rapidly changing society and people's strong desire to participate in state affairs, has decided to lift restrictions on the formation of new political parties in order to realize the political ideal -- the principle of the people's rights. [passage omitted]

Question: On the question of lifting martial law, the Executive Yuan has directed the Ministry of the Interior to form a special group and entrust it with the task of formulating a draft "National Security Law and Decrees During the Period of Mobilization for Suppression of Rebellion." The draft will be sent to the Legislative Yuan for approval and enactment into law, and will then serve as an instrument for maintaining social order after the lifting of martial law. But some people may ask: The decision to lift martial law is followed by the enactment of a "National Security Law" to replace martial law. Isn't this a trick to change something in form but not in essence?

Answer: Lifting martial law does not mean that there is complete peace in our country. The Chinese Communists are still covetously eyeing Taiwan from across the Taiwan Strait and have strengthened united front work activities against us. [passage omitted] Chinese Communist chieftains have repeatedly declared that they will not abandon the use of force against Taiwan. [passage omitted] This shows that the Chinese Communist threats against us still exist. As far as we are concerned, there is still a need to continue mobilization for suppression of rebellion. This is the fundamental reason why it is necessary to draw up a national security law after the lifting of martial law. [passage omitted]

It should be noted that the national security law will be formulated on the basis of respect for people's human rights and freedom and of consideration for the security of the country. In drafting the law, we will try to make it suit reality and meet the needs of all quarters. [passage omitted]

Question: On "lifting the ban on formation of political parties," please give us some explanation about the main contents and implementation principles and steps of the conclusion adopted by the Central Standing Committee.

Answer: First, let me point out that some of the Western democratic countries went through many difficulties and repeated setbacks for scores or even as long as 100 years before they could make their present achievements in party politics. These historical facts show that orderly party politics are not made overnight. Besides, a law is needed not only to stipulate the duties of a political party, but also to protect its rights and interests.

For these reasons, the research conclusion adopted by our Central Standing Committee holds that we must first proceed from revising relevant laws governing the operations of political organizations and protect their rights and interests. The following laws should be revised:

1. We should revise the "Organic Law of Mass Organizations for the Extraordinary Period" to provide a norm for the activities of political organizations and mass organizations. [passage omitted] The revised law will give legal status and protection to political organizations and enable them to conduct fair and rational political activities on the basis of the Republic of China's Constitution and other laws. This will greatly aid the political stability and social harmony of our country.

2. We should revise the "Law Governing the Election and Removal of Personnel of Public Offices During the Period of Mobilization for Suppression of the Communist Rebellion." This law and the "Organic Law of Mass Organizations" may be revised simultaneously so that the two will correspond to each other. The political organizations with legitimate status will recommend their candidates for election to public offices, put forward rational political views, and engage in fair political competition on equal footing. [passage omitted]



Question: The revision of the two above laws is for governing the operations and activities of political organizations. Are we going to have clear and definite stipulations on the essential conditions and basic principles for forming political organizations?

Answer: Of course we should have such stipulations. This is the most important matter at present. It concerns the preservation of our constitutional government system, the upholding of our unified national objectives, the continuation of the historic mission of our country, and the prospects for our long-term political development. Therefore, the formation of political organizations (including political parties) should conform to the following guidelines:

1. A constitutional government system should be maintained and politics ruled by law practiced. [passage omitted]
2. National unity should be upheld and violations and splitism repudiated. In relevant laws and regulations governing the activities of political organizations, we should clearly stipulate that political organizations must uphold our anti-communist national policy based on the Constitution and identify themselves with the objective of recovering the mainland to reunify China. They are not permitted to spread splitism or separatist ideas, nor are they permitted to resort to violence in political activities.
3. Social stability and harmony should be promoted and a common political understanding be reached. [passage omitted]
4. Legitimate political participation should be encouraged. With relevant laws and regulations, either revised or newly-made, we should guide political activities onto the track of law and ban all illegal activities. The aforesaid conditions are the prerequisite to "forming new political parties." We may more specifically summarize them into three points:
  1. To abide by the Constitution;
  2. To resolutely support the anti-communist national policy and cherish no illusions about the Chinese Communists; and
  3. To make a clear distinction from the thoughts and actions of the "Taiwan Independence Movement."

Question: What are the procedures for implementing the two resolutions and how much time will the implementation take?

Answer: The research conclusions of the two important subjects adopted by our Central Standing Committee are just a policy decision. They do not contain specific articles of law, because to make laws is the power and duty of the government.

According to our party-government relations, our party's Central Committee will transmit as soon as possible the Central Standing Committee's policy decision to the comrade in charge of the Executive Yuan for his examination. Then he will submit it to the Legislative Yuan for the law-making process.

On the two resolutions, Chairman Chiang of our party had instructed us at that very meeting of the Central Standing Committee: "We must actively and thoroughly implement them and complete them as soon as possible." [passage omitted]



## Explains Security Law

OW140609 Taipei Domestic Service in Mandarin 2300 GMT 9 Nov 86

[Text] The Secretary General of the Kuomintang Central Committee, Mah Soo-lay, has given an earnest explanation on two topics of political reform approved by the Standing Committee of the Kuomintang Central Committee. They are the National Security Law and the Organization of People's Associations During the Mobilization Period to Suppress Rebellion.

Secretary General Mah said: With the greatest determination and most concrete action, the ruling party upholds and enforces the measures of the constitutional government in order to exercise more open democracy in our country. He expressed the earnest hope that all compatriots will understand the ruling party's sincerity and painstaking efforts and display the spirit of unity in ushering in a new period of democratic constitutional government and the legal system.

Secretary General Mah hoped particularly that political enthusiasts with no party affiliation will understand the great pains the ruling party has undertaken and will not mistake the Kuomintang's sincerity in lifting control as incompetence nor its open measures as a sign of weakness. He expressed the belief that after martial law and control over political parties' formation are lifted, a lively political atmosphere will prevail in the country. It will not only dispel foreign countries' misunderstanding of our country but also scare the Chinese Communists with our democracy and progress, while giving no excuse for advocates of Taiwan independence to slander our government. Moreover, political enthusiasts with no party affiliation will be able to engage in lawful and rational political activities and fair and reasonable political contests in a stable political environment and harmonious atmosphere.

ROK AMBASSADOR QUESTIONED ON DEFECTOR CASE

OW180039 Taipei Domestic Service in Mandarin 2300 GMT 14 Nov 86

[Text] The Korean Government has not yet officially announced how it will handle the case of freedom seeker Cheng Tsai-tien, who flew a plane to the free world, said Kim Sang-tae, Korean ambassador to the Republic of China. However, he stressed that the Korean Government would handle the case, in which a Chinese communist pilot landed a MIG in Korea, in accordance with international law and practice. Following is a report by Hu Yimen of the Broadcasting Corporation of China [BCC].

[Begin recording] After signing a Sino-Korean air transport agreement with Minister Chu Fu-sung at the Ministry of Foreign Affairs, Ambassador Kim Sang-tae was immediately surrounded by reporters. In answer to their questions, he said that Korea has not yet decided whether it will send freedom seeker Cheng Tsai-tien to a third country. Asked whether the so-called third country means the Republic of China, and whether the Korean Government would send Cheng Tsai-tien directly to Taipei, Ambassador Kim said he could not say definitely. He said that [words indistinct] he believes the Korean Government will handle this case in accordance with international law and practice. When asked whether the present case would be handled in the same way as in the past, when freedom seekers were sent to Taipei according to international law and practice, Ambassador Kim said that he hoped so, and expressed the belief that his government would soon make such an announcement. [end recording]

HONG KONGMONETARY SECRETARY REJECTS REVALUATION CALL

HK200453 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 20 Nov 86 p 1

[By BUSINESS POST editor John Mulcahy]

[Text] U.S. Treasury Secretary James Baker has issued a strong signal to Asia's newly industrialised countries to revalue their currencies or face the inevitable results of protectionist pressures.

The plea came from Mr Baker during an address to the Asia Society in Washington, as reported by REUTERS, in which he named Hong Kong, Singapore, Taiwan and South Korea as countries that should take action to revalue their currencies.

Hong Kong's monetary officials immediately rejected Mr Baker's suggestion, arguing that the United States should instead look to increasing its share of the territory's market.

While the message itself is not new, the fact that Mr Baker himself has issued it, and the addition of Hong Kong to the list of countries the U.S. would like to see taking such action yesterday fuelled speculation on [the] Hong Kong dollar.

It rose sharply in the morning to around \$7.7850, but stabilised when the Government stood firm on the link, which has been in existence since the currency crisis in October 1983.

Secretary for Monetary Affairs David Nendick last night rejected outright any suggestion that Hong Kong would bend to U.S. pressure to adjust its currency.

"Let me reiterate emphatically that the link is here to stay," Mr Nendick told the SOUTH CHINA MORNING POST.

Hong Kong "is on a level playing field with the U.S. We don't have any restrictions or subsidies," he said.

There is no evidence of any direct pressure through diplomatic channels for a revaluation of the currency, and a spokeswoman at the U.S. Consulate in Hong Kong said she could not comment on the issue before assessing the full text of Mr Baker's statement.

Mr Nendick said that as far as he was concerned, the grounds did not exist to justify an adjustment to the link, which effectively pegs the Hong Kong dollar at a rate of \$7.80 to the U.S. dollar.

Hong Kong's exporters have been enjoying substantial growth in exports to the European Economic Community (EEC) and to Japan, largely as a result of the shift in foreign exchange rates over the past 18 months.

But the territory is still carrying an overall trade deficit, primarily as a result of its huge imbalance with Japan, and Mr Nendick said it would be illogical under these circumstances to revalue the currency.

Economists in Hong Kong said the Government should ignore anything but a direct diplomatic approach to adjust the currency link, and even then it should reject the demands.

Mr Nendick urged the United States to improve its efforts to increase exports to Hong Kong, which he said could be achieved at the expense of Japanese manufacturers.

"We have a huge deficit in physical trade with Japan and China, and an overall trade deficit. That's what counts. The surplus with the U.S. is incidental," he said.

"I would welcome U.S. exporters looking at Hong Kong as a potential market. What I would like to see is a growth in imports from the U.S. rather than a reduction in trade."

Together, the four Asian countries named by Mr Baker have a trade surplus of U.S. \$21 billion with the U.S.

Hong Kong's exports to the U.S. totalled HK\$45 billion during the first eight months of this year, while imports amounted to \$16 billion, leaving a surplus of \$29 billion.

The imbalance is a fraction of that existing between the U.S. and Japan, and is also substantially smaller than the U.S. deficit with Taiwan.

Mr Nendick also scotched the theory of a link to a limited basket of currencies.

The notion of a link with the Japanese yen, the deutschemark and the U.S. dollar has been gaining popularity in recent times as a result of shifting trade flows, but Mr Nendick said: "I don't think we would be at all enamoured of the idea of fixing the link in terms of a basket of currencies."

For importers and exporters, the U.S. dollar link provided a far greater degree of stability, he said, and expanding the link to incorporate the yen and the deutschemark would not achieve anything.

#### Criticizes U.S. Currency Proposal

HK200558 Hong Kong Domestic Service in English 0500 GMT 20 Nov 86

[Text] The Secretary for Monetary Affairs, Mr David Nendick, says Hong Kong has no intention of revaluing the dollar. He was answering a call by the American Treasury Secretary, Mr James Baker, for certain countries in this region, as well as Hong Kong, to increase the value of their currencies. The Reagan administration says that if they don't take such action to reduce their large trade surpluses with the United States, they will be hit by drastic curbs on imports. Mr Nendick was critical of such threats, which were also made by a visiting congressional delegation earlier this week.

[Begin recording] [Nendick] I find that a sort of fairly unfair statement, the idea that if we can't succeed in helping them open other markets in the area, we get punished along with the other markets. Now that seems to me a very unfair thing to say, but, I mean I hear it, but it's certainly not going to change our attitude toward the [Hong Kong-U.S. dollar] link.

[Station reporter Haig] It seems as if we are caught between a hard rock and a stone here. Don't you think we are going to get hurt, no matter what we say or do?

[Nendick] I'm not sure that that's so. We'll have to see just what happens in the Congress and the Senate in the future. And what I think is extremely useful is that there was that visit, where people had an opportunity to see the facts on the ground and, as a result of that, came to a very different view than people talking from the United States. I think this is very important, that we do not put over our views in a clear way, showing how different our situation is to that of the other countries in the region. [end recording]

GATT 'MUSCLE' TO FIGHT U.S. PROTECTIONISM

HK200459 Hong Kong HONGKONG STANDARD (BUSINESS STANDARD) in English 20 Nov 86 p 1

[Text] Hong Kong plans to use its muscle in GATT to ward off the threat of increased U.S. protectionism.

Acting Director of Trade, Mr Michael Sze, said yesterday it was through GATT that Hong Kong could best demonstrate the success of its free trade policy.

"Hopefully the concept will eventually hit home for those countries which impose trade restrictions," said Mr Sze.

Hong Kong was also actively represented on two GATT committees specifically formed to prevent new protectionist measures and to reduce the number of existing ones.

The committees carried the in-house names of "Standstill" and "Roll Back," respectively.

Mr Sze's comments came in the wake of the U.S. trade delegation which met with government officials early this week.

The delegation made it clear that unless Japan, South Korea and Taiwan relaxed their trade barriers, Hong Kong would also be subject to retaliation from the U.S. in the form of increased protectionism.

Hong Kong would not be treated as an exception despite its free trade policy.

Secretary for Economic Services, Mr John Yaxley, later suggested Hong Kong might consider lobbying its Asian neighbours to relax their restrictions.

But Mr Sze did not consider such a move "proper or appropriate." He also thought the U.S. was "kicking Hong Kong by not acknowledging the open market but imposing protectionism instead.

"It is exactly the reverse signal to all those other places the U.S. is trying to persuade to open their doors," Mr Sze said.

He suggested other countries would not be encouraged to relax restrictions when a free trade port like Hong Kong was still subject to protectionism.



Mr Sze also said Hong Kong could not be expected to make approaches to other countries on behalf of the U.S. when it was still trying to open doors for its own products.

"For example," he said, "for every \$11 Hong Kong spends on Japanese goods, Japan only spends \$1."

"So, if anyone has a trade deficit with Japan, then we have," he added.

EDITORIAL CONDEMNS U.S. PROTECTIONIST LAWS

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[Editorial: "What Sort of Justice Is This, Mr Jenkins?"]

[Text] There are two sides to the American character. The side that stands for justice, fair play, freedom and the veneration of human rights. It is the side that motivates America to champion the cause of the poor, the downtrodden, and defend the weak. And the side which has got America involved in various wars as well as the widespread distribution of aid.

The other, darker side, is represented by Wounded Knee where the Red Indians were cheated and senselessly slaughtered. The side of lynch laws and the Salem witchhunts.

The U.S. delegation now touring the region before working out more protectionist bills came to Hong Kong thumping their chest to glorify their brighter side and then offered its darker side for us to deal with.

Mr Edgar Jenkins, author of that obnoxious Jenkins Bill, reminded us of America's position as "leader of the free world, militarily and economically," then offered to hang us for no other reason than that other countries -- Japan, Taiwan and South Korea -- are not behaving themselves in so far as textile exports to America is concerned.

They seem to be saying that Hong Kong has to be kicked in the teeth because the United States is unable to stand up to its erstwhile allies in this region.

This is bullying of the worst type. Hong Kong cannot even defend itself because we believe that the United States is doing the right thing in promoting free trade and have gone out of our way to express our support in concrete ways.

Over two years ago when the Americans questioned the real "origins" of some of our textiles, we took the case to GATT. We fought and won. GATT ruled that the inclusion of made-in-China panels in our readymade wear was not an infringement of our bilateral agreement.

While other countries were happy with that ruling, we were not. We desired nothing more than full co-operation with the United States and be totally above-board in our dealings. It was not in our interests that America should harbour even the slightest suspicion about our dealings with them.

At great expense, and to Japan's benefit, Hong Kong manufacturers bought panel making machines for the industry. Today our scrupulous commitment to full cooperation and to free trade is beyond question.

What we got in return from the United States was a new bilateral agreement limiting our growth this year to half percent, and less than two percent over a five-year period.

But these protectionist-minded Americans are not satisfied -- because Japan, Taiwan and South Korea refuse to cooperate with them.

The result? Hong Kong must be punished. What sort of justice is this? What happened to fair play? What happened to the commitment to all those other qualities that Americans hold dear: Creativity, initiative, self-reliance?

In the same breath, Mr Jenkins says: Hong Kong is a model we wish more countries will follow." Why should they? They may just end up getting what Mr Jenkins plans for Hong Kong.

There is clearly no logic to what these particular American leaders are saying. All these years Hong Kong has made its own way in the world, without begging bowl in hand, always prepared to compete freely in the international marketplace no matter how disadvantaged we have been.

Ours has never been a one-way business. We buy as much from the United States as we sell them. But the protectionists are not satisfied; they are making it our duty to ensure that Japan, Taiwan and South Korea toe the line.

If the United States cannot make these three countries conform, can tiny Hong Kong do it? All these three countries have been or are client states of the America. Washington continues to wield considerable clout over them. Unless the Americans are now admitting that there are other reasons for fearing to apply pressure where it really matters.

What sort of justice and fair play is this? Are we being picked on because we have been so co-operative?

Our contribution to the promotion of free trade and our co-operation with the United States should, in fact, make us a special case for extra benefits and better terms from the United States. Greater magnanimity is called for.

This, surely, is the better course towards encouraging Japan, Taiwan and South Korea to behave the way the Americans want them to.

There is no place in our bilateral relations for lynch laws and Salem witch-hunts. Our relations are precisely what the adjective says -- bilateral. Two-way. While we should co-operate to the fullest with the United States, it doesn't mean we should submit ourselves to lynch laws for the crimes of others. Is this American justice, Mr Jenkins?

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